MILLARD'S REVIEW

密勒氏評論報

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MANY things indicate that the question of the position and future of American trade with China is more and more receiving the attention of the United States Government and of the American business world. There are also many intimations of a growing realization how this question of international trade and economic connections is interlocked with the causes of international hostilities and of war. One scarcely picks up any of the intellectual American publications now without finding an article by some eminent man or expert, on this topic. Notably, David Jayne Hill (ex-Ambassador to Germany and a recognized authority on international politics) and Alvin Johnson contribute striking articles to recent issues of Century and Harper's magazines. Dr. Hill discusses "Economic Imperialism," and Mr. Johnson writes on "The Passing of Economic Nationalism." Both men point their arguments and their moral particularly at Germany, and both economists find in economic nationalism as it has been conceived and practiced by some modern States a fundamental cause of the present war. It is interesting to quote some of their statements and conclusions that lay open the root of this matter.

PROFESSOR Johnson lays his premises very clearly in these paragraphs:

Because political and military concepts have assúmed definite shape, have organized themselves in well-wrought systems in our minds, we find it natural to interpret in purely political and military terms the struggle now raging in Europe. The democratic world is striving to pull down the German autocracy, that political freedom may be saved to the earth. The struggle is one of the naturally pacific peoples against a system of military aggression. These are indeed interpretations that are essentially valid. But they do not include the whole truth. German autocracy and militarism have had their counterpart in an aggressive system of economic nationalism. It is a system by which the whole economic life of a people, more especially its foreign trade, is subordinated to a national purpose of domination. The economic nationalism of Germany does not aim merely to create trading relations of mutual advantage with foreign states. It seeks so to intrench itself in weaker states that these may be compelled to exclude relations with other states. It seeks to stifle development of industry in the weaker states, in order that their dependence may be permanent. Economic nationalism is, in short, the principle of *monopoly to the plane of statecraft*. The destruction of the system may not, indeed, be an avowed object of allied policy, but it will be no less certainly doomed by the defeat of Germany than aggressive militarism and intriguing autocracy.

Economic nationalism of the German type, I hasten to qualify, has not been confined to Germany. It has influenced commercial policy throughout the world, just as German military organization has been widely envied and imitated, and as even German autocracy has excited exaggerated admiration and has wrought modifications for evil in political systems that would

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naturally have developed in a more liberal direction. But just as the autocratic and militaristic ideas have been seized upon by the consciousness of the people as the essential spiritual content of the world-scourge of Germanism, and hence are certain to be discredited everywhere, so the policy of economic nationalism, no less characteristic of Germanism, is bound to encounter a rude shock when quiet is restored to earth and the shattered commercial relations of the nations come to be reconstituted.

THE close application of the following paragraph from Mr. Johnson's argument to conditions that attend and influence the development of trade with China is obvious:

The poverty of the weaker nations will survive the war, to be sure. And a poor nation will still be subject to the seductions of a trading organization that scours the country with engaging agents, studying the people's wants and having goods made up to suit any taste, to be paid for in nine months or twelve months—so far in the future, to those who are poor! And if then the customer can't pay, the same trading organization has a bank which will arrange extensions of credit, and which is also at hand to do other business. Perhaps there is a railway project in abeyance for want of funds; the bank will arrange for its promotion in the country to which the bank owes allegiance; it will also procure there rails and locomotives, and engineers to construct the track. As good engineers might be had locally and rails and equipment might be had cheaper in other countries. But then there would be difficulties about the promotion, and, besides, it would not be easy to arrange for the transportation of freight by the organization's ships, the only ones touching at the port. All manner of enterprises would have to be set up along the railway, and in these the organization would take stock. This is "peaceful pentration," as it was applied by Germany to Italy, Turkey, Brazil, Venezuela, and whatever other countries were poor and ambitious for development. Such countries there will still be. Will not the same kind of operations be resuscitated? Yes, if the other industrial nations become again as blind or supine as they were. But this is hardly conceivable. It is now coming to be understood that the supplying of the legitimate capital requirements of a poor country is a common concern of the advanced nations. They will not so soon be ready to consign a backward country to the mercies of Germany, or any other single state, to barter its national independence for petty loans.

DR. HILL states his opinion positively: "Beyond dispute it was economic imperialism that caused the present war, and plunged all Europe into it." He compares the two opposite theories of the State and of nationalism as follows:

To those who accept the absolutist theory of the state there is nothing reprehensible in the spirit of conquest and imperial domination. Why should any nation holding this theory refrain from extending its power as far as possible? It is, in truth, certain that it will not do so; but it follows with logical necessity that as long as this theory is held the conflict of nations will continue.

The whole future of civilization turns upon the decision whether the state is to be henceforth a creation of force or a creation of law. If it is to be considered merely a creation of force, then preparation for war is the only wisdom; for only the strong state can survive, and it must be at all times ready to fight for its existence. But if, on the other hand, the state is rightly to be conceived as a creation of law, then all states accepting this theory are menaced by the existence of strong embodiments of power which refuse to be governed by the rules of law. As long as they exist, as long as they arm themselves for aggression, as long as they devise and entertain schemes of conquest, so long the truly constitutional states must be prepared to defend themselves and even to defend one another.

ONE of the most remarkable political phenomena of modern times has been the singular blindness of Americans regarding certain conditions in the world, and their no less singular disinclination to take any steps to protect their own national life and interests from the operation of some forces born of and reared by those conditions. For instance, the attitude of Americans toward armaments. Nothing but being dragged into war by the scruff could make the American people (and the Government) realize the necessity of increasing their armaments and military efficiency. They were slow to read the lesson—In an Armed World be not Unarmed. The reluctance with which Americans have accepted and acted on this lesson hardly can be comprehended by any except Americans, for few other peoples had such a naive frame of mind about world affairs and tendencies. But having at last perforce accepted it, and being in the way of acting on it by developing a military and naval power commensurate with the national strength and position, Americans will not be apt to unlearn it the moment peace comes. The lesson will be too costly to be easily forgotten. If the peace that Americans are in their own minds fighting for (regardless of the shapes peace may take to other nationals) does not succeed in suppressing militarism—and militarism will not necessarily be suppressed merely by defeating Germany, as many loosely think—then without doubt American military and naval power will be maintained at a degree that is required by circumstances. On the other hand, if peace results in a genuine suppression of militarism (not just a transfer of military ascendency from one Power or group of Powers to another Power or group), then there is the other question to deal with—the moderation or suppression of war-causing phases of economic competitions.

MILITARISM and economic imperialism go hand in hand. They are interdependent. Each breeds the other, and each sustains the other. Plainly, economic imperialism is not possible without imperial militarism to back it up with force or the threat of using force. Also,

without the increments by economic reflex resulting from this use of militarism, peoples almost surely could not be induced to bear the fiscal burden of armaments. Applying now these principles to conditions in the Far East, it is evident that if this war brings a suppression of militarism, and also a suppression of the use of force through militarism to promote policies of economic imperialism, that China's foreign commerce can pursue a normal and unintimidated course. On the other hand, if militarism is not suppressed, or if it is only slightly moderated, then we may look to see the theorem of economic imperialism persist for a time in respect to the economic development of China. This is a possibility that American commercial and financial interests having thought of China must not ignore. The reaction on British and French economic policies of German military efficiency and its meanings is shown by events and tendencies—notably the Paris Pact, so-called; and other devices and plans for the future. As for Japan, both her military and economic policies were long before the war frankly modeled after Germany; and since the war began they have steadily been applied on the German system until very recently, when changes of conditions have begun to circumscribe this method in its application to China. In his article previously quoted from, Professor Johnson said: "No other nation wanted the German commercial and military systems as good things in themselves. Every nation was beginning to feel the necessity of copying them in self-defense."

IN respect to American trade in China, it has followed an unusual course since the war began. By the gradual cutting-off of Great Britain and Europe as sources of supply for manufactured articles, and also as markets for the products of China, there has been a natural tendency to obtain such commodities from America, and also to send raw and other products of China to America. In many manufacturing lines, the war made America the manufacturer for the world, for that country was the only place where many staple commodities could be obtained quickly. But this trade expansion has phases that demand attention of the American business and manufacturing world, and also of the United States Government. A considerable volume of this new trade has passed through non-American hands, being handled here by British, German, Japanese and other foreign firms. Almost without exception these foreign firms are also agents of similar British, German or Japanese commodities (as the case may be). Rather than lose business they will sell American goods for the time, and probably will sell them after the war if their customers should insist on having the American goods and no other. But, after the war, when similar commodities can again be obtained from England, Europe, or anywhere, what is apt to happen to this new and expanding American trade if it is left in non-American hands, and subject to conditions of transport and market dominated by other nations?

WE do not believe in nor advocate a narrow intensively national system of economic development. We want after the war to have those conditions that caused it eliminated as far as is possible. In our opinion, too strict and close application of nationalism in trade (as in social relations) is not conducive to amicable international sentiment. The spirit of it is wrong. In our own small dealings, it is unpleasantly restrictive and narrow to have to stop and think, whenever anything is to be bought or sold, of the nationality of those whom we may casually like to deal with—to mind about buying a hat, or when selecting the materials for our shirts. Americans never have followed that policy. We feel inclined to resent any tendency of nationalism which invokes us to adopt it. But we also resent its application by other nations to ourselves. We have felt the same way and thought much the same way about militarism among nations. Therefore if other powerful industrial and commercial nations that are the competitors of America pursue the imperialistic theorem of trade expansion, or if they shape their economic policies on that line, then American industry and trade without doubt will have to meet that condition by adopting similar or contravening methods. If we are hereafter, or for a considerable time, to live in an armed world, then America must be armed as powerfully as any nation is. If after the war there is a possibility that the intensive nationalistic thesis is to direct international trade, then Americans should be fore-warned, and should prepare to meet this condition by a closer economic organization within their own nationality. It will not suffice in such a world to get rid of the "hyphen" in respect to our political and military organisms if we continue to retain the "hyphen" in the ramifications of our foreign trade development.

VERY astute and persistent efforts are being made to tack hyphens of a subtle and objectionable character to the development of American interests and trade relations with China. Prominent among them was the so-called "Shibusawa plan" for the "cooperation" of Japanese and Americans (or Japan and the United States) in China. That plan is gasping for breath now, if it is not already dead. The only sound basis it ever had was a presumption founded on Japan's dominating military power in this region, and the use of that power to push a policy of economic imperialism. One understands why, if Americans should see a good business or

industrial opportunity in Japan, that it would perhaps be desirable and it might be necessary (as without doubt it is) to cooperate with Japanese. One understands also that, in such a case in China, it would perhaps be desirable (although, since China has not developed militarism nor economic imperialism yet, this is not *necessary* here) to cooperate with Chinese. But the Shibusawa plan insists that for Americans successfully to enterprise in China, Japanese cooperation (which means the consent of Japanese militarism) is essential, while by that plan Chinese cooperation (or feeling) is regarded as negligible. If the Shibusawa plan, as it was originally conceived and advanced, is not dead, it ought to be. It is a piece of economic and diplomatic fustian whose roots are planted deeply in the "militarism-economic imperialism" doctrine, and whose political concepts lie in "special position" and "paramountcy" phrases in the mouths of diplomats and propagandists.

J. B. POWELL'S article in this issue of the Review about Japan's shipping operations and plans in the Pacific Ocean gives an insight into some interesting matters that closely relate to development of American trade with China. If, as is reported and generally believed in this part of the world, the Ishii mission to America has among its purposes to try to induce the American Government (and by indirection the other allied Powers) to assent to a disposition which will give Japanese shipping absolute domination in transport between America and China, then it is necessary to enter a strong protest. A pooling arrangement on this basis is as likely to be injurious and detrimental to American trade with China as the Shibusawa plan would be. American organizations in China should make themselves heard on this subject. No doubt British and other foreign interests that would be affected will get their own positions vis-a-vis this proposal before their own Governments; but with them, as also with American interests in China, there is a danger of being sacrificed perhaps unthinkingly (at least in the case of America) to what at the moment are thought to be more pressing national considerations. With respect to this question of ocean transport, during and after the war, the Saturday Evening Post expresses some novel views:

In his latest book Prof. Thorstein Veblen suggests neutralization of shipping as a means of preserving international peace.

The time is fairly at hand when far the greater part of the world's shipping will be pooled in the service of the Allies. Invisibly but effectually the flag of a common cause will fly above nearly every national emblem.

If a warm and lively sentiment of loyalty is to attach to the new international organization it ought to have a tangible body and a symbol.

Instead of neutralizing shipping we would put it under the flag of the League of Nations. The only objection is a sentimental one growing out of invidious patriotism, and that is a sentiment which needs diminishing.

It is well known that before the war most American shipowners chose to operate their vessels under a foreign flag because that was more profitable. There would be no material injury to anyone if ships hereafter sailed under a common flag of international peace. Profits would go to individual owners. The capital investment and the profits would be items in the wealth and income of the respective nations just as at present. The only injury would be to invidious national complacency or conceit.

The world's merchant fleet sailing under a common flag of world peace would assist powerfully in consolidating loyalty to the new order.

This reads like a pacifist's dream—or it would have seemed like one a short time ago. Now it does not sound so very foolish, for something like it seems likely to be accomplished before the war ends, as a military measure. And if the thing works as a military emergency measure, why will it not work as an international scheme in times of peace?

IT ought not to be needed to say (yet one feels that it has to be said) that in this criticism of Japan's previous policies toward China, with their effects and consequences to other foreign interests here and to China, there is not meant any feeling of opposition to whatever Japanese trade expansion in this region or in the world can be accomplished without exerting in its behalf a combined militarism and economic imperialism. This is an issue as between two absolutely hostile theses of international polity; an issue which, forced on by Germany, probably was the principal cause of the great war. Yet it is necessary to state these matters clearly, and to reiterate

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OF THE FAR EAST

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them frequently and in various aspects in order to drive them in, because without doubt the American commercial world is not fully wakened to these conditions; and also because American commercial interests in China have scarcely yet grasped more than the outside of the meaning of events, and still are under the influence and the shadow of the economic imperialism of Japan and other nations. This influence and this shadow are falling away, but they persist with astonishing psychological vitality with a considerable part of the American business world. Until they are completely thrown off, American foreign trade and financial enterprise will not be standing on its own foundations; it cannot take its proper part in building up the national wealth, power and prestige.

AN impression often is made by obvious activities that gives a wrong perspective on actual accomplishment. Americans in China (and especially the American Government) should not mistake prospects for realization. The American Government is showing a commendable enterprise by sending to China a number of expert agents of the Department of Commerce, and there also is apparent an effort to synchronize American diplomacy in the Far East with American economic effort. But not enough is being done; and some important matters are being left undone. The Commercial Attache in China needs a larger staff. Great care ought to be taken to prevent the administrative attention which of necessity must concentrate greatly on the military and political phases of the war from losing sight of or neglecting other elements pertaining to national progress and security. For instance, in very recent times the American business world has come to realize its handicap in not being able to command Americans of foreign business experience and training; and now many large American firms are regularly training men for the foreign field. Already many of these young men are coming abroad and getting to work. They naturally feel a desire to respond to their country's call to arms. But the Washington Goverment ought to understand, and these Americans ought to appreciate, that the service which they can give the nation in their present work may be even more important to it ultimately than if they would enlist for the training camps. A careless or short-sighted method of handling the drafts can do great and almost irreparable damage to the just-budding American try for more foreign trade. In other ways too, our foreign organizations for trade can be weakened. The state of money exchange in China is working its hardships, and if it is not equalized is certain to drive many efficient and at least partly trained officials out of the national service.

QUITE a flurry of publicity was caused this week by conversations at Peking between the Italian legation and the Chinese Government. The Chinese press in discussing the matter calls the conversations that took place between the Italian minister and the Wai Chiao Pu "demands". When analized, these alleged demands consist of a request that some Italians will be employed in the Salt Gabelle to replace Germans who have been discharged; indemnity for injury that occurred to Italian subjectsd uring the recent fighting about Peking; and a transfer of the Austrian concession at Tientsin to Italy. The Peking Daily News (which is supposed to have excellent sources of official information) publishes in detail the conversations, in which the Italian minister is quoted as depreciating some foreigners now employed in the Customs, and as promising in case China accedes to Italy's request that Italy's good offices will be exerted to obtain for China a place at the peace conference, and to obtain the abolition of extra-territoriality. One is inclined to think that the accounts of the Chinese press which take these conversations as "demands" are exaggerations. There is no diplomatic impropriety in any nation asking of China what Italy is alleged to have asked. But "demand" implies a peremptoriness that scarcely was, we take it, used in this case, because (if there were no other reasons for the contrary) Italy is without means to enforce demands on China now. The incident probably is merely a somewhat effervescent illustration of the Chinese press's sense of China's new position among nations as an implied associate of the Allied group, with her accession of national dignity, and it need not be taken too seriously.

CHINA'S settling-down process is not without irritations, but it settles nevertheless. If one accepts the reports of the Peking newspapers, the Government is now inclined to abandon the idea of a Council in favor of a parliamentary election. Practically, once the body was assembled, there would be almost no difference between a Council and a new Parliament. The Parliament has the advantage of regularity with the provisional constitution, while a Council might be called extra-constitutional. One hardly knows how to regard this alleged change of plans by the Government. It may be an effort to placate the Kuomingtang (indeed, the Government shows a disposition to conciliate the southern party), or it may be a device to dispose of this question by pushing it along into the future. Anyhow, the argument as between the two plans perhaps can be made to suspend matters for a few weeks while private negotiatians are proceeding, which is perhaps just as well. By some, importance is attached to the departure of Li Yuan Hung, ex-President, from Peking to Tientsin. There are reasons for believing that the ex-President (probably without his knowledge

or consent) has been the focus of an intrigue by the southern Party, with the idea of getting him out of Peking and then placing him at the head of another Government. From what is known of Li Yuan Hung's character, he is not apt to lend himself to such a scheme. It is probable that his determination to retire is sincere, and that he will refrain from any acts that would embarrass the Government.

T. F. M.

Japan's Plan to Control Pacific Shipping

THE placing of a ban by the United States on exports of steel plates and other steel products needed in the shipbuilding industry, although placed for another reason, apparently was a factor in the recent decision of Japan to extend her assistance in the prosecution of the war on the side of the Allies. That Japan has been supporting the Allied side in a casual and half-hearted way, at the same time leaving the way open for an association with the other side at the close of the war in case the advantage for Japan pointed that way, has been believed in the Far East since early in the war.

Now this view apparently has extended to the United States and other countries in the allied grouping. Within ten days after the announcement of the American government that no steel could be exported except under license, it was published that Japanese shipyards had contracted to supply Great Britain with twenty-five cargo boats for use on the Atlantic, and it was further announced that Japan will now comply more fully with the Allies' wants in connection with the war. Although the placing of restrictions on exports of steel except under license by the United States was made to protect America's great shipbuilding plans and in the interest of the allied shipping pool, the effect of this enactment on Japan, and of restrictions on imports of silk and tea by most of the Allied nations, has probably been a contributing factor in Japan's decision. Reports from Japan last week that the commercial organizations of that country had petitioned the American Chamber of Commerce at Washington to intercede, and the decision to send a commission with extraordinary powers to America, show the profound effect that has been made in that country by these recent events.

Now we may assume that Japan is at last really in the war on the side of the Allies, and that she has abandoned any ideas previously entertained in that country that there was a possibility of combination with the Central powers after the war. The special commission under Viscount Ishii is now in Washington, and the purpose in sending the commission to America may be partly found in a statement published August 11 in the semi-official newspaper Nichi Nichi of Tokio:

> As the world war progresses there have arisen great changes in the balance of power in the Pacific Ocean. If let alone there may result international complications after the war. Misunderstandings may be created. Thus it is expected that Viscount Ishii's visit in America will result in a perfect understanding between the two nations. Either official documents will be exchanged, according to the plan which is in the mind of the Japanese Government authorities, or a supplementary agreement will be made to the Root-Takahira pact. This point has not been decided upon. The Root-Takahira Agreement entered into in 1908 only dealt with the question of maintenance of the status quo at that time on the Pacific Ocean, and of equality of commercial opportunity in China. Today the situation has changed after the effects of the great world war have been felt, so that the Root-Takahira Agreement is altogether an obsolete one. There is need for changes and modifications."

According to the Japanese press, the Ishii Mission will suggest that the Root-Takahira Agreement should be changed because "as the world war progresses there have arisen great changes in the balance of power in the Pacific Ocean."

Now to a point that is of highest importance to all nations with business interests in China. It seems that Japan will find it necessary to pool her shipping resources with the Allies in the prosecution of the war. Owing to the withdrawal of much British shipping from the Pacific, Japan now has almost a monopoly of Pacific Ocean traffic. The Ishii Mission is presumed to be going to suggest, among other matters, arrangements that would tend to make this monopoly absolute during the rest of the war by permitting Japan to keep her shipping interests in the Pacific trade, while the merchant marine of the other allies will work in other oceans.

There are but three companies operating under American registry in the Pacific at the present time. The Pacific Mail Steamship Company has three combined passenger and cargo boats and one cargo boat operating between San Francisco and China. It also has two combined passenger and cargo boats in operation between San Francisco, Manila and Calcutta, and it recently has been announced that more cargo boats will be added to this run as well as the San Francisco-China run; the China Mail operates one ship and has another under process of construction on the Pacific coast; and the Luckenback Company of New York is now operating one cargo boat that touches at Chinese ports. Formerly it had eight boats, but they have been recalled to the Atlantic. The Robert Dollar line, which formerly was under American registry, now operates its ships under Canadian registry. L. Everett, of Shanghai, an American citizen, is now operating two boats between Chinese ports and the Pacific Coast of

America, but they are under charter from Japanese lines and operate under the Japanese flag. Under British registry there is one line now operating between the Pacific Coast of North America and China—the Canadian Pacific.

By the plan which the Ishii mission is presumed to be going to urge, the Canadian Pacific and the Dollar ships would be transferred to the Atlantic; and the Pacific Mail and other American ships would be used in the same manner, or an arrangement entered into whereby Japanese ships would have a monopoly of North China and the Pacific Mail the southern part, that is, traffic between San Francisco, Manila, Hongkong and Calcutta. The Pacific Mail Company has recently placed in service several ships between the last named ports.

In 1916, foreign vessels entered and cleared at China's ports with a total tonnage of 64,622,992. Of this tonnage, 24,233,837, or a little more than 37 per cent, was Japanese; 35,840,573 was British, or about 55 per cent; and the United States had 799,913 tons, or a little over one per cent. The rest of the tonnage was distributed among ships of Denmark, Holland, France, Germany, Italy, Norway, Portugal, Russia, and Sweden. These figures are from the 1916 report of the American Consulate General at Shanghai on the Commerce and Industry of China. According to the 1914 report of the American Consulate General Japan's ships did a total of 32 per cent of the total tonnage of 73,027,167 in 1914, the year preceding the war; Britain did about 53 per cent and America did about 1.4 per cent. In this same period, from 1914 to 1916, Russian shipping fell off more that 400,000 tons, and Germany dropped from 4,026,493 to 66,532 tons. In commenting on the figures of 1916 as compared with the preceding year, the Consular report says:

> "As compared with 1915, there was a total falling off of foreign shipping in Chinese waters of 1,881,004 tons. British shipping was less by 1,836,000 tons and Russian shipping by 377,000 tons, America showed a slight decrease, whileJapan showed an increase of 360,000 tons."

In 1916, China's foreign trade amounted to G.$826,812,672—the high-water mark in China's business with other countries. This was an increase of G. $292,330,500 over the previous year and an increase of G. $222,211,424 over 1914. This trade was distributed as follows;

United States and Canada...	G. $105,932,196.
Europe.....	G. 188,938,101.
Japan.....	G. 233,011,916.

In 1914, the year preceding the war, the foreign trade of China was distributed as follows:

United States and Canada...	G. $ 55,345,171.
Europe.....	188,107,889.
Japan.....	129,717,576.

Because of war conditions, China's foreign trade has shifted as follows: Trade with Europe has increased G. $830,214, the United States and Canada have increased their trade by G. $50,586,025, and Japan's trade with China has increased by G. $103,294,340 since the war began. These figures show a shifting of the trade of the Orient from the Atlantic to the Pacific. Although the conditions that caused this movement will tend somewhat to revert after the war to before-the-war conditions, the pendulum probably will not swing all the way back. In many products such as teas, cotton goods, rubber (which is not a Chinese export but is valuable for comparative purposes) the market probably will remain in the Pacific. If this occurs the United States will no longer get its tea and rubber from the Orient by way of Europe. After the war China's great market for coarse cotton goods will be supplied largely by Japanese mills and by the Chinese mills.

A comparison of the changes that have come about in the tonnage of ships of America, Japan, and Europe that touch at Chinese ports are shown in these figures for 1914 and 1916:

Countries	*1914 tonnage*	*1916 tonnage*		
America	1,047,423	799,913	Loss	247,510
Japan	23,996,972	24,233,835	Gain	236,863
Europe	40,982,782	39,587,776	Loss	8,395,006

Of Europe's loss of eight million tons of shipping that called at China's ports since 1914, more than four million tons belonged to Germany and Austria. The rest of the decrease is in the shipping of England, France, Norway, Portugal and Russia. This is counterbalanced somewhat by slight gains in shipping by Holland, Denmark, Italy and Sweden. The figures follow:

Country	*1914 tonnage*	*1916 tonnage*		
Austrian	174,233	———	Loss	174,233
British	39,266,765	35,840,573	Loss	3,426,192
Danish	139,535	206,734	Gain	67,199
Dutch	398,271	463,995	Gain	64,724
French	898,644	596,237	Loss	302,407
German	4,026,493	66,532	Loss	3,959,961
Italian	———	979	Gain	979
Norway	771,235	636,217	Loss	135,018
Portugese	311,696	129,476	Loss	182,220
Russian	1,954,925	1,545,085	Loss	409,840
Swedish	40,925	101,948	Gain	60,964

When we add the figures of America's and Japan's shipping to the foregoing, we find that although China's trade with other nations has increased by nearly G.$300,000,000 since the beginning of the war, there is 8,300,000 tons less available shipping to carry this merchandise to other countries. Thus among China's chief customers and suppliers the only nation that has been able substantially to increase its shipping facilities is Japan. Japan has been able to do this because her shipping interests have not been pooled in the prosecution of the war, and have been placed solely with a view to Japan's special

advantage. This is shown in the new services recently opened by the Osaka Shosen Kaisha to Australia, a new service to the River Plate via the Straits, Ceylon and Cape of Good Hope calling at Durban and Natal, and the recent Toyo Kisen Kaisha service to the west coast of South America. In July, 1917, it was reported that the Osaka Shosen Kaisha, one of the large Japanese cargo carrying lines, had petitioned the government to shift its subsidy on the North American line to other routes to be operated presumably to South America and the South Seas. This will permit rates to be raised still higher on the North American routes where there is little competition, and will shift the government's assistance to new avenues where there is competition with steamship lines of other nations. There are no available figures showing the tonnage of Japanese, American and European shipping between ports of China and Japan, China and the Russia Pacific ports and China and America, but an examination of the listings of arrivals and departures of ships printed in the Shanghai papers, shows that about 90 percent of the ships are Japanese.

With Japan having a monoply of the cargo carrying between China and the western coast of America, or between North China and the western Coast of America, what would happen? In August, 1917, an American firm in Shanghai with branches at Hankow and other China ports received information from its New York office that within a comparatively short time the Osaka Shosen Kaisha and the Nippon Yusen Kaisha, two leading Japanese cargo carrying lines, will cease calling at Shanghai, the chief port of China, and will ply only between Seattle and San Francisco and Kobe, thus eliminating Shanghai. The Japanese plan is to have all their larger ocean-going vessels operate only between Kobe and the ports of America and Europe, and to leave the trans-shipping of all merchandise between China and Kobe to their smaller coastwise boats, of which they have more than 500,000 tonnage in sailing vessels alone. This means that cargoes of Chinese products bound for the ports of America and Europe must be unloaded at Kobe by Japan's coastwise ships, and all cargoes from Europe and America bound for China, must be loaded at Kobe, and then reshipped to China on the Japanese coastwise lines.

With Shanghai practically eliminated as a port of call by Japanese lines, and British and American ships diverted elsewhere, firms that are now exporting Chinese products to America and Europe must depend entirely on Japanese carriers. American firms in Shanghai in connection with their Chamber of Commerce and their Commercial Attache, have compiled examples almost without end showing that Japanese ships arrive regularly in Shanghai with cargo capacities up to 7,000 tons available, and that American firms have offered as much as Gold $10 above the Conference rates of $50 to $55 a ton, only to have their cargoes left on the dock at Shanghai while the Japanese ships accepted merchandise at *$10 under the conference rates* offered by competing Japanese firms.

Japanese are rapidly getting the lead over the long established British interests in the coastal and river shipping of China. Japanese boats lately have become so efficient in the service between Shanghai and Hankow that one British firm has transferred part of its business from British lines to the Japanese line. This demonstrates that when there is competition the Japanese cater to the general shipper. Many Japanese boats operate direct from Hankow to Kobe and Osaka, Japan. Japanese commercial firms that are rapidly growing stronger in the field of exporting Chinese products to America and Europe now ship merchandise from China in Japanese coastwise ships to Kobe, where the cargo is reclassified so as to come under the Japanese government regulations. Then this merchandise is reshipped from *Kobe to America at a rate of G.$35 a ton.* American firms are virtually barred from this service, and so are held to the conference rate of from G.$50 to G.$55 a ton from Shanghai to the Pacific Coast of the United States. Thus a foreign firm in Shanghai with branches in other ports of North China, unless they have their own boats (which now can be commandeered at any time) can be placed at such a disadvantage in competition with Japanese firms that the foreign firms might as well close up shop. This practice of making Kobe the trans-shipping port of Japanese lines has already gone so far that there is a greater congestion of freight at that port than anywhere in the East except Vladivostock.

The struggle for cargo space on Japanese ships by foreign shipping firms in Shanghai has come to resemble a word-battle every time a non-Japanese enters the office of a Japanese shipping firm and asks for cargo space. Examples almost without end are cited of discriminations and unfair practices. One foreign firm that made a public protest was told that it could have no more space. This effectively silenced that firm, and had its moral effect on other firms that were planning to protest. One American company doing business in China has had so much trouble with shipments by Japanese lines that it has issued positive instructions to its New York connections to cease all shipments to the Orient on Japanese lines even though it is necessary to pay one half above regular rates in order to have the shipments come on other than Japanese lines. This company has had one large enterprise in China held up for nearly a year on account of certain essential materials being delayed in the congestion of shipping in Kobe; meanwhile a large Japanese firm is trying to capture this

business because it can promise delivery. A volume of correspondence with the Japanese authorities regarding this subject has been compiled by this company that proves a studied attempt to handicap this American firm because it is competing with Japanese enterprises in China. Still another American firm had so much trouble because of certain essential parts of machinery being held up and delayed, that it issued orders to its American headquarters to take the machinery apart and ship it by parcels post through the American mail because these shipments could not be delayed.

The Shanghai paper market offers another example of the methods of Japanese business firms toward foreign and Chinese firms when they have a monoply of the business. Previous to the war, practically all news-print paper used in China came from Sweden. The main markets for news print paper in China are in Shanghai, Peking, Tientsin, Hongkong, and Canton, in which places alone more than 18,275 tons are used annually by the foreign and Chinese newspapers. As soon as the war began the market shifted from Sweden to America and Japan. Before the war the Japanese paper mills charged an average of 8 sen a pound (about 4 cents gold) for news print paper. Then when the market shifted from Sweden to Japan and America the price went to 12½ sen a pound. Foreign and Chinese newspapers in China paid this price up to June, 1917, when the Japanese steamship lines began their practice of trans-shipping cargoes at Kobe. Immediately the newspapers in China were notified that the prices for Japanese paper had been advanced to 17 sen a pound for July delivery and now the quotation is 20 sen a pound, and they refuse to sell except in small quantities at this price in spite of the fact that they have large stocks in their warehouses both in Shanghai and Osaka. The paper importing houses of Shanghai immediately turned from the Japanese market to the American market for their supply of paper on account of prohibitive Japanese prices. American cargoes were shipped from Vancouver, Seattle and San Francisco, but they failed to arrive in Shanghai. Inquiry at the Japanese steamship offices brought out the fact that the cargoes "were delayed at Kobe on account of the shortage of cargo space." To protect themselves the paper importing houses of Shanghai had to place orders in Japan with Japanese paper mills. These shipments came through without delay *from Kobe to Shanghai in spite of the shortage of cargo space that prevented the delivery of the American stock.* In short there apparently is a working agreement between the Japanese boat lines and the paper manufacturers of Osaka, Japan (of which place Kobe is the shipping port) to prevent American paper manufacturers from selling in this field.

It is a practice of Japanese ship lines bringing merchandise to China from America to unload it at Kobe. Then the shipment must wait until other Japanese ships bring the merchandise from that port to Chinese ports. Instead of bringing shipments of American firms promptly from Kobe to Shanghai, the Japanese lines load at Kobe with merchandise consigned to their own nationals in China, leaving the American cargo at Kobe. These delays often stretch out into months. One shipment of American automobiles to a foreign firm in Shanghai (which was not on good terms with the Japanese lines) was left at Kobe for several months, long enough for the cars to become so damaged by rain and sun that they could not be sold as new upon their arrival at Shanghai. These examples and the conditions that produced them are not new. They have been accumulating since the war began and since the Japanese shipping lines got actual control of the Pacific. By a continuation and extension of this system, Shanghai would become a minor port, and Kobe might become the leading port of the Orient. A concerted move in Japan to make Kobe the chief port of Japan is much discussed in that country. According to Japanese plans, Kobe is to also become the chief port for China.

Regarding this point the Japan Chronicle at Kobe of August 19, said:

> Kobe is now the centre of the shipping trade not only of Japan but of the Orient. Shipowners and shipping men in this port have greatly increased of late consequent upon the growing prosperity of the shipping trade. Towards the end of last year a Kobe Shipping Guild was established, when its members numbered about 30, but now their number is put at over 100. In the present state of the shipping trade in this part of the world, the Kobe market is deciding freight and charter rates and value of hulls. In the circumstances, the Kobe Shipping Guild is considering a proposal to establish a Shipping Exchange somewhere in the Foreign Settlement, where the traders are to assemble at stated hours to transact freight and charter business and the buying and selling of vessels.

Chinese labor that finds work at Shanghai under those conditions might have to give way to Japanese labor employed at Kobe. Chinese firms that have been able to sell their stocks of feathers, albumen, bristles, goat pelts, hides, skins, straw braid, wool, turmeric, hemp, gall nuts, walnuts, peanuts, vegetable oils, tallow, cotton, tea, eggyolk, tobacco, copra and antimony in an open market owing to the number of American, British and other foreign buyers who bid against each other to supply home markets, may be restricted to one Japanese buyer, for the Japanese firms have learned how to pool all their buying through one agent or series of agents.

Since the beginning of the war, more cargo has been offered at Shanghai and Tientsin and Hankow and in Japan than there was cargo

space available to carry it to America and Europe. This is especially true of cargoes consigned to England and France, where it is now almost impossible to ship merchandise direct from China. Before the war some Japanese shipping lines were near insolvency notwithstanding that they were receiving government subsidies. Their main business came from Japanese commercial and manufacturing firms, many of which companies have interlocking directorates with the shipping lines, and consequently obtained preferential treatment.

Foreign firms that have grown up in the export and import business in China since the war began are the worst sufferers from the war conditions. American or other foreign firms that go to Japanese steamship offices and ask for 100 tons space and receive 10 tons think they have been discriminated against. They know it when they learn of the ship being loaded with the same classes of products shipped by a competing Japanese exporting and importing firm.

It is time that Japanese take cognizance of the fact that changes have come about in the attitude of people and nations on these questions since the war began. America is now engaged in a great shipbuilding plan. The London Money Market Review and Investor's Chronicle thus forecasted in a recent issue:

> The United States is playing a welcome part in helping to make good the shipping losses due to the German submarines, and it is not improbable that after the war-created boom in shipbuilding is over, when conditions again approach the normal, we shall find America our chief rival in the shipbuilding and ocean-carrying trades, as in the first half of the nineteenth century.—Under the new Ship Purchase act, passed last session, a Shipping Board has been appointed and given far-reaching powers to supervise all branches of United States Shipping. It is authorized to acquire merchant vessels that may be used as naval auxiliaries or army transports.—This act cannot have any immediate competitive effect, for every American shipbuilding yard is working to uttermost capacity, and United States shipowners are purchasing all the foreign vessels they can. We may, in any event, take it for granted that serious efforts will be made to raise United States shipping to a status commensurate with the commercial importance of the country.

Japanese shipping has grown at a great rate since the beginning of the war and Japanese shipowning firms have grown wealthy. Announcements of dividends ranging from twenty to fifty percent a month are not uncommon. A total of 34,329 men were engaged in navigating Japanese ships in July 1917. Rates for chartering Japanese ships to foreign companies have jumped from 10 Yen a ton to 45 Yen a ton in the last eight months, and the shipper who charters the ship must pay its operating expense and in addition carry war risk insurance if demanded. A summary of Japan's shipping interests is found in the 1916 Japan Year Book:

> Generally speaking, the mercantile marine of Japan grew in numerical strength at the time of war, while for improvement in quality it has chiefly to thank for the Government protection. The volume of our merchant vessels did not exceed 15,000 tons gross in 1893, but by 1896 it had increased to 709,000 as a result of foreign vessels purchased—on the occasion of the Japan-China war. The record of the later war is far more conspicuous, for the total tonnage existing at the end of 1903, of 979,000 tons jumped up to 1,527,000 tons at the end of 1905. The latest returns at the end of March 1914, make a similarly creditable record representing the gross tonnage of steamers at 1,538,000 and that of sailing ships at 494,000."

Japanese steamship lines that have been arrogant toward American and other non-Japanese shippers may find themselves in a different position at the close of the war. From 1820 to 1830 about 92 per cent of the import and export business of the United States was done in American vessels. Then through short-sighted legislation and other causes the percentage of American shipping carried in vessels of American registry dropped to 10 per cent. Before the present war the United States produced 9½ per cent of the world's ships; the United Kingdom produced 60 per cent; Germany 12 per cent; and all other countries 18¾ per cent. In January, 1917, J. W. Powell, president of the Fore River Shipbuilding Corporation of Quincy, Mass., estimated that this year, the percentage of the world's tonnage produced in the United States had risen from 9½ per cent to 26 percent. In the same month in which this estimate was made there were 403 vessels of 1,495,000 gross tons under construction in the United States. Much of this shipping was under construction for other nations, but since that time it has all been requisitioned for America's use. On June 30, 1913, about one year preceding the outbreak of the war, the world's tonnage of merchant vessels amounted to 49,262,000 tons, of which the United Kingdom owned 43½ percent, the United States 12 per cent, Germany 10 per cent and all other nations 34½ per cent. In 1916 according to statistics published by the Glasgow Herald there was produced by all nations 1,955,-791 gross tons of cargo ships. By the end of 1918 it has been estimated that, allowing for the probable production and destruction, the total in the world's tonnage will be nearly 10,000,000 deficit tons. This will leave about 40,000,000 tons of merchant shipping available for world' trade, with the United States constructing 26 per cent of the new ships, ; and as there is a strong probability that this percentage will be increased as the war progresses it is evident that America at the end of the war probably will occupy second place in the world's shipping industry.

So leaving out of consideration the fact that the end of the war may bring about a new order in shipping such as a neutralization of all shipping under a common flag, certainly this is no time

for adding artificial difficulties to an already sorely tried industry. The point of utmost importance now in the Far East is that Trade avenues to China will be kept open and free of invidious monopoly. If Japan's tonnage is not sufficient to carry the merchandise of the Pacific, her shipping companies can gain a great deal in good will that will be of much value to them in the years following the war when competition comes, by playing a square game now with the shippers of all nations.

J. B. POWELL

The Example of the United States

BY T. R. JERNIGAN

AFTER repeatedly petitioning in vain to the British Government for redress against its arbitrary acts the American colonists resolved that they would form a government of their own and independent of that of Great Britain. One of the first measures of the Continental Congress after coming together for its third annual session in May, 1776, was to urge the several colonies to provide themslves with regular and permanent governments as independent states, and not continue to make shift with committees of safety for executives and provisional congresses for legislatures. A majority of the members promptly showed a disposition to take the advice, and R. H. Lee, representative in Congress from Virginia, offered a resolution which embodied the significant counsel given by the congress. The resolution reads as follows:

> "Resolved, That these United Colonies are, and by right ought to be free and independent states, that they are absolved from all allegiance to the British Crown, and that all political connection between them and the State of Great Britain is, and ought to be totally dissolved."

This was the principal resolution. Two others had reference to the plan of bringing the subject to the attention of the colonies for their consideration and approval, and one "that it is expedient forthwith to take the most effectual measures for forming foreign alliances."

The colonies approved and congress adopted the resolution, and it was in pursuance of this resolution that the Declaration of Independence was written and published to the world. As the resolution was offered by Representative Lee, the proceedings of the Congress indicate that he would have been made the Chairman of the committee appointed to draft a Declaration, and would very probably have been entrusted to write the instrument, had he not been called home by serious illness in his family, and in consequence, Thomas Jefferson, the youngest member of the committee, was selected by the members of the committee to draw up the original draft in its name. It was known that Washington, who commanded the American army, strongly urged that independence be declared, as a manly acknowledgment of existing facts, and as a straightforward means of simplifying the very important business in which the colonies were engaged.

It was on July 4th, 1776, that congress adopted the Declaration of Independence, and after an arduous struggle of seven years between Great Britain and her American colonies, with alternate successes, the Independence of the Colonies was acknowledged in the treaty of peace signed at Paris, September 3rd, 1783, and ratified by Congress, January 14th, 1784. In the treaty the Colonies are named as the United States of America, and each one of the colonies specifically referred to as a sovereign and independent state.

During the first years of the war the colonies were held together, in defending their safety, by what has been properly characterized as "makeshift" arrangements, known as Committees of Safety, but about two years before the signing of the treaty of peace the mutual interest of the colonies demanded that they enter into a more solemn instrument of government, and on July 9, 1778, the Articles of Confederation were agreed to as that instrument. The Articles were agreed to on the date indicated, and "in the third year of the independence of America." They may be mentioned as the Provisional Constitution, for when put into practical operation, as the machinery of government, their inadequacy was soon apparent, and the thoughtful American citizen was not long in realizing, that if the United States was to become a nation, which would command a position of respect and dignity, another instrument of government would have to be provided.

The chief defect in the Articles was that the central government, which it was sought to establish, was not given the adequate power absolutely necessary to sustain its own life, much less safeguarding that of the states. In fact the central government did not possess the power to enforce the laws the congress might enact to carry on the ordinary governmental functions. The second article reads, "Each State retains its sovereignty, freedom and independence, and every power, jurisdiction and right, which is not by this Confederation expressly delegated to the United States, in Congress assembled", and then took particular care not to delegate the very essential powers to enable the central government to collect the revenue required for its ordinary expenses. Whenever money was required for such expenses, or to pay the public obligations, or the arrears due the soldiers who had followed Washington to victory, the central goverment was compelled to make a requision on the states for their respective proportions, and it was dis-

cretionary with the states to comply or not, the Articles of Confederation giving no authority to enforce complyance.

This special defect in the Articles of Confederation, and which often seriously embarrassed the central government and imperilled its existence, should be carefully studied, to be effectively guarded against, when China undertakes to write a permanent constitution. The provinces of China ought not to follow the example of the American States when they wrote their Articles of Confederation. If the Republic of China is to have a really solid foundation the the Central Government at Peking must have the adequate powers to smoothly function its domestic and international duties, or else it will fail in meeting the requirements of the government. There are probably certain local customs which the provinces will insist upon retaining, and when these do not relate too closely to a proper administration of the Central Government they should remain with the provinces. But the spectacle of the chief official of a province, however styled, placing himself at the head of soldiers for the purpose of giving orders to the Central Government should never be permitted to be witnessed again in China, nor should the provinces have it in their power to decide when they will contribute and how much to the National expenses. It must be evident to every one, capable of thinking on any subject, that a government without the authority to levy and collect taxes is no government, and sooner or later will fall to pieces because of its own inherent weakness.

The government of the United States, under the Articles of Confederation, was fast hastening to failure and disruption, on account of the many defects in that instrument, and in view of the threatening danger the American people took into consideration the necessity of providing a more permanent organic law which should remedy the defects of the Articles by investing the National government with greater and more direct control over the legislation material to its prosperity as well as existence. Under the Articles of Confederation the American people were confronted by dangers to their political safety of greater menace than any contronting the people of China. In some of the states the people were armed to resist the execution of the law, and a feeling of uncertainty prevailed in nearly all. Even Washington was anxious and strongly appealed to the patriotism of his countrymen, and as it was his presence and counsel that sustained the cause of independance in the darkest hours of the revolution, so now, when the the government that had been established under his leadership was in peril, again his wisdom and guidance safely delivered it from the machinations of the native and foreign intrigues against its existence. American patriotism answered the appeal.

But however defective the Articles of Confederation as an instrument of government, the American people decided to live under it until another instrument better suited to their condition could be substituted, and they were cautious and circumspect in preparing this new instrument. There was nothing doubtful in what they did. They were seriously deliberate in their movements in this important business. The whole matter was taken in hand by themselves, and the nature of their organic law to be substituted was not left to Congress or any other body similar to a Provisional National Council. The plan decided upon was that the body to frame the new constitution should be styled the Constitutional Convention, and be composed of delegates from each of the States, who were to be appointed by the States acting in their separate capacities. The convention so constituted was to have no other prerogative than to frame a constitution, and, when framed, it was to be referred to the states for their separate and independent approval. No state was in any sense to be bound by the constitution, thus to be framed, unless it had given its approval in the form acceptable to the state itself.

In accordance with such a plan the convention assembled, and the constitution under which the American people at present live was framed and approved. But this is not the plan China is about to adopt to frame her permanent constitution. The delegates for that purpose are to be appointed under the supervision of the provincial Tuchuns as the result of a Cabinet Mandate, and the voters of the provinces are not to have the opportunity to choose the delegates they may prefer. The provisional constitution under which China is supposed to live is to be discarded and its provisions ignored at the very time when loyalty to it is enjoined by the exigency of the times. There is no justification for any seemingly arbitrary act in providing China with a permanent organic law, and there is no controlling reason in the contention that parliament should frame that law, for the people of China, having the right to elect members of parliament, certainly cannot be denied the right to elect delegates to a convention entrusted with the function to frame a law meant to define the form of their government and provide how it should be administered. Although China has declared herself to be at war, the enemy she would fight is still far away, and there is no occasion for the military to subordinate the civil power. Constitutional liberty cannot be safeguarded by constitutions written by the light of bayonets. If China would be prudently advised, the example of the American people, in writing their permanent organic law, should be followed, as is now evident, that had China followed the example of the United States in declaring war she would not be passing through her humiliating experience for the pressing need

of money. The Republic of Russia is being supplied with money by the Government of the United States, and the Republic of China could have been similarly accommodated by that government whose measureless resources are so confidently relied upon as the sure means of a victory over the Central nations.

It is the habit in some quarters to argue that China is not suited for a republic, and for the reason that for centuries it has been a monarchy. The observing traveller in the interior ought to give an opinion on the subject of greater value than that of the theorist in his study. He sees the people at their homes and tilling the soil, and will have before him the practical phases of how they have been living under monarchical government during the long centuries. The writer has travelled far into the interior of China and he has impartially studied the conditions of the people, but has concluded, from what he saw, that if a monarchical form of government is responsible for their poverty and primitive manner of living then no other form could be worse or bring less in its administration to elevate in thought and improve conditions. If Shunnung, the founder of agriculture and the inventor of the plow, and who is supposed to have lived more than 2,000 years before the birth of Christ, could return to China he would find the same system of agriculture he founded and the same plow he invented still practiced and in use. There have been no improvements in either the system of culture or the implements of husbandry, for monarchical rule has stifled every thought of the people to develop the resources of their country and directed its influence against all changes. The troubles in China today are not due to any lawless disposition of the people. They are caused in great part by the strongly entrenched monarchical sentiment to defeat the aspiration to put China on the line of modern thought and action, and it is this sentiment which is hedging and delaying every effort to establish a representative government based on a written constitution approved by the people.

But China must not be discouraged in her aspirations to be a great nation governed by liberal institutions. The United States, at the beginning of its life, under the permanent constitution, was facing a condition in its affairs far more serious than that now faced by China. The Treasury of the United States was empty, and there were protested bills on Holland to the small amount of $636,000, which the historian Bancroft says were paid by combining the allurements of a lottery with a profitable loan, In his history of the United States, Vol. 1, Henry Adams estimated that in 1800 the valuation of the whole United States was eighteen hundred million dollars, that the entire banking means of the country would not have answered the stock-jobbing purposes of one present-day operator of Wall Street, and that in 1800 the nominal capital of all the banks, including the Bank of the United States, fell short of 29 million dollars. The same authority states that in 1798 the Secretary of the Treasury could only obtain a five million dollar loan by paying eight per cent. on time, and in 1814 the Government was forced to stop payment for want of twenty million dollars. In 1801 the gross receipts for postage were only three hundred and twenty thousand dollars. In 1800 the banking capital of Boston was about two million dollars, and that of New York one hundred and thirty thousand dollars. Not only was money scarce, but the books in all the public libraries in the United States did not exceed fifty thousand volumes in 1800, a number not in excess of the volumes now to be found in some of the private libraries.

The figures referred to show a few only of the embarrassments surrounding the early life of the United States, and they would have proved fatal had it not been that the course of the government was shaped by men who had unfailing confidence in democracy. Washington was inaugurated as president in 1789, and was the first president of the United States. He conceived it to be his first duty to give the new government, under the permanent constitution, dignity, vigor and pre-eminence lest it should inherit the taint of contempt which had fallen on the government under the Articles of Confederation. The chief difference between the old and the new government was the office and authority of the President rather than the increase of the powers of Congress. The new government was one which could not only make laws, but execute them also; and Washington knew that no small part of its efficiency and prestige must depend upon him, its Executive. In full appreciation of the onerous duty he had undertaken to discharge at the unanimous request of his countrymen he said: "I walk upon untrodden ground. There is scarcely an action the motives of which may not be subjected to double interpretation. There is scarcely a part of my conduct which cannot hereafter be drawn into precedent." The new government had yet to win respect, for success had not yet given it the dignity of an institution, and success demanded that prudence be united with firmness, conciliation with command, a reasonable accommodation with the strict execution of the law. There were not a few who predicted the failure of the new goverment, even with Washington as Chief Executive, and many then, as now, who had no confidence in democratic institutions and preferred to be the subjects of a monarch than the citizens of a free country, but a few authentic statistics will show whether democracy, as defined in the Constitution of the United States, has failed or succeeded.

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There are one hundred and eighteen years from the first inauguration of Washington as President to the second inauguration of Wilson. At the close of the Presidency of Washington the population of the United States was 5,308,403 and the area in square miles 892,135. At the second Presidential inauguration of Wilson (1917) the population of the United States was 113,166,241 and the area in square miles 3,741,848. If the reader has in mind the figures, given in connection with the government in its first years of existence, he will have no difficulty in measuring the growth of its financial strength and business prosperity from the following figures. The capital of the national banks alone in 1916 was (all estimates in gold) $1,067,481,000, and the deposits $8,136,018,000. In the same year there were 11,285,755 depositors in the saving banks, and the deposits valued at $4,997,706,013. In real and personal property the present wealth of the United States is $187,739,071,090. The value of the manufactured products is $20,672,051,870 and that of the farm products $10,501,686,000. The internal means of transportation, and mercantile and other tonnage have kept pace with the developments in agriculture and manufacturing, and the value of the foreign commerce is larger than that of any other nation. There are 263,547 miles of railroad in the United States and the tons of freight they carried last year amounted to 288,319,890,210. The value of the imports for the same year (1916) was $2,197,883,510 and of exports $4,333,658,865; and the receipts of the government from all sources $1,502,087,480. These figures mostly relate to material developments, and unanswerably show that under a democratic government the people can prosper. They refute the assertion that democracy does not contribute to the welfare of the human race, for the future historian will be compelled to write, that the proudest monarchies of the world, for the years 1915-16-17 received their necessary supplies of food and clothing from the farms and factories of the United States, and borrowed large sums of money from that democratic government to pay for them.

The statistics are not submitted with the view of invidious comparison, but in evidence that the American people, living under democratic institutions, can enact just laws, make more than they need to eat and wear and also relieve the necessities of others. But their success in the departments of production and trade are not the only rewards of their labor. Their scientific discoveries and practical application of what was useful have not been surpassed, and often unequaled. Edison is as great on the earth as Newton was among the stars, and Bryce has written that the Americans were the only people who could have cut the Panama Canal. American physicians have destroyed the germs of the most fatal diseases, and by sanitary measures have removed the influences which originate and spread pestilences. American statesmen have carried a code of laws with a new hope to the Philippines and other islands of the seas, and demonstrated by example that although a people had lived for centuries under monarchical oppression, they could yet learn and practice the principle of representative government. And as the best security and safeguard for the perpetuity of the Constitution of the United States the records of the public schools show a daily attendance of twenty million children.

Week's News Summary

THE WAR

August 22. German air craft raid Dover and other towns on East Coast of England; 11 persons killed, and 26 injured. British shoot down 8 enemy airplanes.

August 23. Italian offensive northward of Gorizia continues; 16,000 Austrian prisoners taken.——Germans force Russians to retire at Tukkum.

August 25. American Government loans a further G $100,000,000 to Russia; American credits to Allies increased from G $500,000,000 to G $600,000,000 per month.

August 26. Italians capture Mt. Santo, taking many thousands of Austrian prisoners; Austrians in full flight on Bainsizza.——French capture Hill 304; Gen. Pershing watches the fighting.

August 27. Austrians in full retreat; they assert that the Italians have 650,000 troops on the Isonzo front.

August 28. Italian troops continue their attacks in Bainsizza plateau. Monitors with 15-inch guns bombard Trieste at a range of 16 miles.

August 29. Russians officially admit that Germans continued to advance the whole day long and penetrated positions in the region of Varnitza; one Russian division fled in disorder.——British Admiralty's report shows 18 ships over and 5 under 1600 tons sunk during the week.——British attack east of St. Julien meets with partial success.

CHINA

August 24. Advices from Chengtu indicate that hostilities between Yunnanese and Kweichow troops will shortly be resumed.

August 26. The Civil Governor at Canton, Chu Ching-lan, sends his resignation to the Provincial Assembly, and leaves for Hongkong, his seal being handed over to the Assembly by a subordinate after he left; Gen. Chen Pin-chun, Military Governor, temporarily takes charge of civil affairs.

August 27. The extraordinary National Assembly meets in Canton for the first time with 56 members present. The meeting ends in disorder, despite the repeated appeals of the speaker for moderation in language.

August 28. The Commissioner of Civil Affairs at Canton in a letter to the Press states that as Civil Governor Chu Ching-lan was being constantly accused of obstructing the progress of the cause of the south-western Provinces, he decided to leave Canton, in order to clear himself of suspicion.—— Ex-President Li Yuan-hung proceeds to Tientsin and takes up residence in his own house in the British Concession. It is understood that he has given an undertaking not to cause political complications by going to the south.

August 29. Agreement signed in Peking by the Minister of Finance and Mr. Odagiri, of the Yokohama Specie Bank, representing the Japanese, whereby according to an arrangement with the consortium, the Japanese group will advance Yen 10,000,000. One-year Chinese Treasury bills will be discounted in Japan at 93 and the proceeds will be paid to China less one per cent. bankers' commission.——The Canton Provincial Assembly elects the former Tutuh of Kwangtung, Hu Han-min, formerly secretary to Sun Yat-sen, as Civil Governor, in place of Chu Ching-lan. Canton remains peaceful.

JAPAN

August 19. Announcement made that the Japanese Parliamentary mission consisting of five representative members of the four different political parties in the Lower House of the Imperial Japanese Diet, will sail from Yokohama per s. s. Shinyo Maru September 18, and arrive in San Francisco October 4.

August 20. Regulations issued in Tokio for the establishment of a national reformatory on a tract of land somewhere near Tokio. The construction of building will cost Yen 45,000.

August 21. Death occurs of Baron Okuda, mayor of Tokio, at the age of 57.

August 28. Announcement made in Tokio that the Government is going to subsidize automobile factories

THE MANAGEMENT OF THE

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and that the appropriations necessary will be included in the War Office estimates in the next Budget.

August 29. A joint committee representing the six great chambers of commerce, formed for the purpose of making representations to the Government on the ban placed by America on the export of steel, having completed its investingations with the help of three experts, officially meets the Premier, the Minister of Foreign Affairs and the Minister of Communications and presents a report on the result of their investigations, containing carefully compiled figures on the amount of steel already ordered in America, the amount actually needed in Japan and the amount of the actual output in America.

GENERAL

August 23. Le Petit Parisien announces that arrangements have been completed to have Japanese troops fight on the Russian front.

August 24. Mayor of New York announces that street corner agitators speaking against the Allies will be promptly arrested.

August 26. Gen. Savinkoff, Russian Minister of War, resigns, he and General Korniloff disagreeing with Premier Kerensky on matters of policy, particularly as to the measures to be employed to maintain disclipine in the army.——The All-Russia conference opens at Moscow. Premier Kerensky declares that any attempt to take advantage of the Conference to attack the Provisional Government would be pitilessly repressed with blood and fire.——Trial resumed in Petrograd of Gen. Sukhomlinoff on various charges, including gross neglect of his duties while Minister of War.

August 28. Reuter's Agency describes as groundless reports circulated in Paris that Japanese troops would soon arrive on the Russian front.——President Wilson, determined that the Central Powers shall not benefit directly or indirectly by American products, issues proclamation forbidding shipments of any goods to Europe for neutrals except under license.—— Governor General of Canada signs Military Conscription Bill.

August 29. President Wilson, in the course of his reply to the Pope's peace proposals, states that to deal with the German Government in the manner the Pope proposes would involve the recuperation of its strength and would necessitate the creation of a permanent hostile combination of nations against the German people, who are its instruments.

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Men and Events

Thomas F. Millard is to sail today on the Empress of Russia for America on a business trip. J. B. Powell will act as editor of this Review during Mr. Millard's absence.

George Gibbs and J. R. Greiner, members of the American Railway Commission to Russia, arrived in Peking August 27 enroute to America via Japan.

Professor Katsumi Kuroita of the Tokio Imperial University has been ordered to proceed to Manchuria to make investigations of historical relics.

Of the criminals sentenced to various terms of imprisonment in Japan from July to December, 1916, 82,744 persons including 35 foreigners, were granted a stay of execution.

A Reuter's telegram dated Tokio August 30 states that there has been a sudden drop in the shares of steamship companies in Japan owing to the fact that a drastic regulation was about to be enforced by the Government to control freight and charter rates.

On account of floods the Peking Hankow train, which had lately been taking the round-about route via Hsuchow, stopped running entirely during part of this week, the latter line also having been interrupted by floods.

A son of Yuan Taotai was charged at the Mixed Court, Shanghai, August 28 with having caused the death of a native girl while driving a motor car recklessly on Edinburgh road, six days previously. The police allege that accused was driving without a permit.

A golf course will be built at Kamakura by the mayor and his friends at a cost of Yen 15,000 to meet the demand of foreign residents and visitors. Kamakura is a popular resort among foreigners in Japan, but has so far had no playground where they might exercise.

Among the numerous suggestions that have been made as to the use which the German Club in Shanghai shall be put to in future is one that the building be converted into a Commercial Exchange, where foreign and native merchants may transact business on equal terms.

The Chinese Government is arranging for an examination of army officers at Peking who wish to proceed to Europe in a group, to "study war" at close range. Only those who speak one of the Entente languages and are graduates of a military academy will be admitted to the examination.

Bao Yun-ching, accountant and acting manager for the Haichow Salt Company, was murdered in his rooms, No. 17 Kuling Road, Shanghai, some time during the night of August 27. Five men, all connected with the household, were arrested and charged in the Mixed Court two days later with conspiracy to commit the crime.

Visitors to the Japanese summer resorts Obama and Unzen will be interested to know that the Japanese Government has refused an application for a charter for the construction of an electric tramway between Aino and Obama. The trip from Aino is at present made by automobiles and ricshas. The distance is about twelve miles, mostly heavy grades—either up or down.

The Chinese Press announces that Jen Siao-shan, at present director of the Shanghai-Nanking and Shanghai-Hangchow-Ningpo railways, will revert to his original post of director of the Peking Suiyuan railway and the vacancy here will be filled by Chao Ching-hua, the manager of the Shanghai branch of the Bank of Communications, who will take up his new appointment September 1.

The negotiations for the purchase by Chang Chien of the twelve enemy merchant ships lying in Shanghai harbor have apparently been successful although negotiations were also under way to have the boats added to the fleet of the China Merchants Steam Navigation Company. At any rate it is officially announced at Peking that the boats have been leased to a Chinese Company—name not disclosed.

At the Mixed Court, Shanghai, August 28, judgment was delivered holding that the evidence against Hung Chi-tsu on the charge of being implicated in the murder of Sung Chiao-jen at the Shanghai-Nanking Railway station March 20, 1913, was sufficient to justify a trial before a Chinese Court and that he would therefore be detained in custody pending the receipt of instructions as to which Court he should be sent.

The Shanghai Waterworks Company, having protested to the Municipal Council against the French Tramway Company laying water mains along Siccawei Road, the Council replied that although the Waterworks had a virtual monopoly, the Council was not prevented from giving similar rights to other undertakings. The Waterworks tried to induce the Council to declare that no permit world be granted on any Municipal Roads without the Council's consent. The Council refused to give such an undertaking.

Marquis Okuma, "the greatest talker in Japan," delivered a sensational discourse in Tokio recently, the keynotes of which were: (1) an end to party strife and (2) union to make Japan one of the greatest nations of the earth by extending her sphere of influence in the Far East. He compared Japan to a vast fire insurance company whose object was to prevent conflagrations in the Far East. His remark that however much China kicked and spluttered Asia would be safe was received by his audience with great enthusiasm.

One of the Justices hearing an appeal June 21 in the King's Bench Division, London, on a question of damages for the death of a Pekingese bitch and puppies said: It is shocking at such a time as the present to find so much money wasted on pets of this kind and to have the time of the Court occupied in deciding whether it is negligent in law for the owner of a dogs' home to allow the owner of a dog deposited with him to take the dog out for a walk on a day when the temperature was below 60deg.

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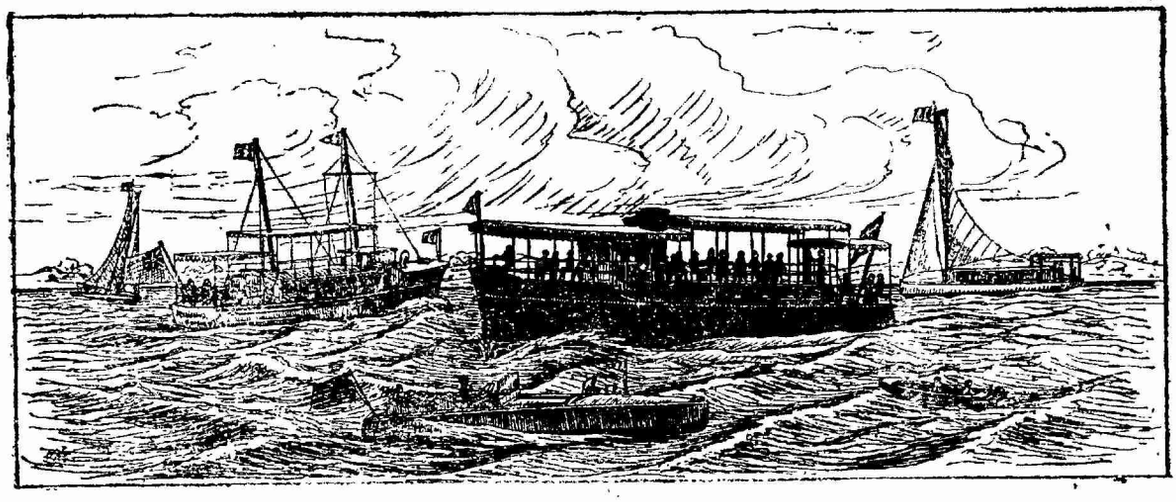

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The manager of the Shanghai branch of the Banque de L'Indo Chine during the week sent out circular letters calling attention to the "Fund for War Devastated Villages," which has been organized under the patronage of distinguished French and American citizens. The head office of the Fund is at 32 Rue Taitbout, Paris, and the object, as its name indicates, is to give aid to the unfortunate inhabitants of the villages devastated by the Germans. Donations are invited from all who care to interest themselves in this movement and the Banque de L'Indo Chine offers to receive donations and to transmit them to the head office of the Fund in Paris.

The Bureau of Foreign Affairs at 122 Bubbling well road has been busily engaged during the week in the task of registering enemy subjects residing in the Shanghai district, notices having been sent out in the German language by the Chinese authorities that all German, Austrian and Turkish subjects would have to present themselves by September 1, under penalty for failure to do so. No steps towards actual internment have so far been taken, but enemy subjects in actual need are being provided with food and accommodations at the old woollen factory near the West Gate, and close watch is being kept on possible disturbers. No untoward events have occurred so far and great credit is due to Mr. F. M. Sah, the new Commissioner of Foreign Affairs, for the energy and efficiency he has shown in dealing with the situation. German and Austrian officials will, however, not be allowed to remain in China, and arrangements are now being made to provide steamer accommodations for their departure.

Admiral Knight in Shanghai

A great commercial and industrial career for China as one of the future great nations of the world was prophesied by Admiral Knight of the U. S. Squadron in a speech yesterday at a tiffin given in his honor by representatives of the fourteen American organizations in Shanghai. The tiffin was given at the Carlton cafe.

The Admiral referred to the friendly relations that have always existed between the United States and China and said that indications point to an even closer union in the future.

The entire staff of officers of the Squadron was present at the tiffin. Short addresses were also made by Mr. Ferrin of the United States Department of Foreign and Domestic Commerce, T. F. Millard and Dr. J. C. Ferguson of Peking, Counsellor of the Department of State of the Chinese Government. Dr. Ferguson and Mr. Millard are departing today for Washington, D. C., on the s. s. Russia.

Admiral Knight arrived in Shanghai August 25 on his flagship the U. S. S. Brooklyn, and shortly after his arrival, in company with Consul General Sammons, paid official calls on General Lu Yu Yung-hsian, and on H. E. Sah Fu-mou, Commissioner of Foreign affairs, both of whom later returned the visit aboard the flagship. A number of dinners and receptions were given during the week in the Admiral's honor, among them being a dinner Wednesday evening by Consul-General Sammons and a reception at the Columbia Country Club Thursday afternoon, at which a large body of representative Americans assembled to shake hands with the Admiral.

Far Eastern Press Opinion

Viscount Ishii and the Steel Embargo

From the Sekai (Tokio)

As result of the ban placed on the exportation of steel by America the shipbuilding industry of Japan will suffer considerably, for lack of materials. The shipbuilders will be obliged to quit their business. Not only is it a great blow to them but it will cause the skilled laborers to lose their jobs. It will also stop a way of relieving the lack of bottoms in the world, and will affect the transportation service of the Entente Powers. It is a natural thing for the shipbuilders to try to see that the American ban is lifted. Unless their object is attained, it may become necessary for Japan to withdraw 200,000 tons of shipping now plying on the Atlantic Ocean. But such a step on our part would inconvenience the Entente Powers in carrying war materials across the Atlantic. So it is a reasonable request on the part of the ship-builders to ask the American Government to permit them to have steel which they have ordered. No matter how much America may feel the need of conserving her steel products to safeguard her own supply of ships, the American Government may not go so far as to annul the contracts which have been made before the order of prohibition was issued, thereby causing great losses to the business men interested in it. Such will be opposed to the democratic principles for which the American Government stands as an example to the world. We believe that the American Government will grant our request if we negotiate for it. But we should not be satisfied with it alone. Today Japan and America are co-operating with other Entente Powers in the war against our common enemies. Until our object in the war shall have been attained, we should co-operate. In other words, we should see that mutual convenience is secured by exchanging what we have for what we have not, until the end of the war. There should be no gulf between the Entente Powers. In this sense, America should furnish us with steel and iron materials which she has in abundance in order to increase our ship-building capacity, and we should furnish whatever we have extra. There should be no hesitation or obstacle placed in the way of exportation. Such understanding should be arrived at for the sake of humanity and justice. The American Government has ordered the steel exportation prohibited because it is anxious to safeguard the future of American supply of bottoms, and the order was not meant to vex Japan. If the American Government realizes in what suffering Japan will find herself owing to the ban on steel it will be glad to lift the ban. Viscount Ishii will open negotiations with the Washington Government concerning this matter. If he should fail in his task, he need not return alive. He has gone to America to seek mutual advantages. As the first thing to accomplish he should try the best of his ability in this matter.

Japan—"The Lord of the Orient"

From the Yorodzu (Tokio)

The Entente Powers have led China to declare war against Germany and Austria, thereby Germany's Oriental policy will be overturned from its base and it will be a very difficult thing for Germany to recover the lost ground even after the war is over. The enterprises of the Entente Powers in China from now on will be

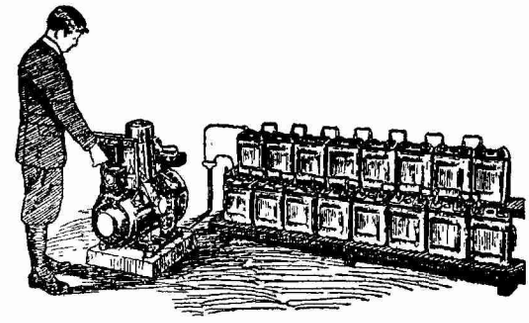
striking ones. Especially, as Japan is the lord of the Orient, she should engage in active enterprises in China. Japan's supremacy in China and the advantageous position of the Entente Powers there should enable Japan to strengthen her position in China. But Japan's diplomatic ability is not sufficient to take advantage of the opportunity before her in China. China will profit by the declaration of war more than the Entente Powers. The sooner it was decided the better it was. But Japan was dilly-dallying for months after the suggestion was made, and when it was finally decided upon, southern China was estranged from northern China. The parliament was dissolved and force was employed by the Peking government in order to bring about the circumstances favorable to the declaration of war. Japan was half-heartedly behind the Peking Government. The diplomacy of the government of Japan was very unskillful, indeed, in trying to secure the good of China herself. As for securing the good of Japan, it was far worse. Every move that has been made in the past profited other Entente Powers at the expense of Japan. Japan was endeavoring for advantage to herself. For instance, the transfer of the German rights over the northern section of the Tientsin-Pukow Railway to England, which struck our ears very sharply, has placed Japan's rights in the Shantung Peninsula in an isolated condition. Japan makes various endeavors, but the other Entente Powers reap the benefits. We do not object to making endeavors. But they should be accompanied with compensations. We do not expect the militaristic rule of the Terauchi Ministry will be able to unify the national opinion at home. But if the ministry is permitted to destroy what the people have built up in way of enterprises in China, then our development in that country cannot be expected. Unless our diplomatic method is reformed in China we may some day have to give up our hopes in China altogether. It has been said that the European colonial policy followed the flags of those nations. But our people should precede it. Japanese diplomacy should follow the people as they develop abroad.

The Japanese Loan to China

From the Jiji (Tokio)

The Chinese Government, in order to meet the expenses of administration and for interest payments, began negotiations for a smaller loan in view of the coming of a big loan, so that the three Japanese banks, the Industrial Bank of Japan, the Bank of Formosa, the Bank of Korea, will continue the loan to the Bank of Communications amounting to 20,000,000 yen in all. We maintain that this loan is a political loan, which will not coincide with the loan policy of the International Consortium. We had warned the government against such a loan, since Japan is a member of the consortium. But a report just received says that the three Japanese banks are to make that loan of 20,000,000 yen to the Bank of Communications, so that the Bank of Communications may adjust its notes and a new bank for exchange transactions may be established. This plan is to be pulled through shortly, so it is further reported. We do not know how far the project has been carried. But this report is different from the former report as to the loan of 20,000,000 yen. To adjust the affairs of the Bank of Communications is a difficult thing to do. Some Japanese of highest banking experience will have to be sent strictly to supervise the business of the bank. While the object of the loan in question may be as is stated, the specially privileged banks in China are always colored with politics, so that there is no way of telling how the money advanced will be used. We cannot but have doubts as to the policy of the Japanese Government.

Out of the Darkness



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A Plea for Chinese Tea

From The North China Daily News (Shanghai)

If it be by any means possble, it would, we believe, be sound policy for the British Government to permit a certain amount of tea to be shipped regularly from China to Great Britain. It need not be so much as to interfere with the supplies of more necessary stuffs, but even under that limitation it would prevent the taste for China tea from dying out at Home and would remove all excuse for Chinese newspapers to complain that the war was doing them harm rather than good.

The Snare of Chinese Politics

From the Japan Chronicle (Kobe)

Chinese politics are a snare to unwary prophets. On the occasion of the momentary success of Chang Hsun's plot, the Editor of the *Herald of Asia*, in his most superior tone remarked that "the resumption of power by the Manchu Emperor at Peking should surprise nobody who has watched the recent course of events in China with the least intelligence." Almost before this deliverance could be printed the restoration had come to an end, and events had shown that the Manchu dynasty had practically no adherents in the country. Then Reuter, in issuing in London the announcement regarding the restoration of the Manchu dynasty, remarked that "General Chang Hsun, who

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marched northwards to Peking some days ago at the head of his troops, is considered one of the most powerful men in China, and as such is likely to assure success to the Manchu cause. The President of the Republic on the other hand, is a man without very much force of character, and it is probable that he will make little or no opposition to General Chang Hsun." Reuter, of course, is always on the side of success in these cases, but the turn of events was so sudden that before the news agency could come out in full support of the restored monarchy, China was a republic again.

The Big Loan and Japan.

From the Min Kuo Jih Pao (Shanghai)

It seems that the Government has foundered in the negotiations with the bank syndicate on the subject of the $100,000,000 loan. The bank syndicate is of opinion that Japan will furnish to China the $10,000,000 only provided she consents to negotiate the big loan. Consequently, Japan plays a very important role in this affair of the big loan. For this reason, the Peking government is doing all possible to obtain the money from Japan and Japan also hastens to furnish the funds to the Peking government. The one that furnishes the money and the one that has need of it each have an important aim. Now that a political conflict reigns in China, Japan desires to lend considerable funds to the Peking government to meet irregular expenses. It is not because of friendship between China and Japan that the Japanese act thus. Japan must busy herself with Chinese public opinion. Otherwise, friendship between China and Japan could not be maintained; and it will not be a piece of good fortune for the Japanese for the Chinese will never forget what Japan is doing to China to-day.

Press the Button Policy

From the Central China Post (Hankow)

When once our ardent reformers have made an end of abolishing the opium vice in China, and suppressed the drink trade in England, it is to be hoped they will next direct their attention to the Kodak. No more demoralising business was ever carried on amongst a people predisposed to be led astray than the sale of those press-the-button machines. The inventor, if he is alive, ought to be drawn and quartered and all the makers interned as public enemies, while every publisher who dares to again advertise " Press the button and we do the rest" should be sent to Shanghai to be dealt with by a libel jury . . . Take our friends the missionaries whose chief delight is to hold Conferences. Look at the programme for one of these gatherings and you will see that all the subjects to be discussed have one common object namely, to discover a short cut to success. There is a place not two hundred miles away "where Conferences ne'er break up and talking has no end." The other day there appeared on the notice board an announcement that the Rev. Mr. So-and-So would give an address on "Why is mission progress so slow?" and some wag wrote underneath "Because missionaries spend so much time at Kuling." Both the speaker and his critic were wrong. Looked at in the broadest light the progress made in changing the ideas of this people is not slow, but in some connections a little too fast. Thoughts which were entirely foreign to every Chinese mind but a few tens of years ago are now the common property of the multitude. But we simply allude to the incident as showing how Kodak methods are being sought for to the detriment of steady and strenuous work which alone can produce great results in connection with such an immense proposition.

Japanese Paper Criticizes British Rubber Order at Singapore

From Tho Hochi (Tokio)

The order issued by the British authorities in Singapore to prohibit the sale of rubber plantations in the Malay Peninsula is aimed at excluding Japanese planters who are making great progress in the occupation of raising rubber there. The reason seems to be that the British planters, who are neglecting the industry owing to the war, do not want to have their position in Malay taken by other nationals, and that the British authorities want to prevent Germans from acquiring rights of control of rubber plantations there in the name of other nationalities. Hitherto, the production of rubber as material was controlled in the order of England, France, Germany and America. But owing to the war, America is now controlling the production as the first country in quantity of production. Americans want to extend their industry by acquiring rights in Malay Peninsula, but England does not want it. These are some of the reasons why the present order of prohibition was issued. It is a natural thing for the Englishmen to try to protect their own interests. But recently, Japanese enterprise in that line in Malay has increased considerably. Out of 1,000,000 acres of rubber plantations, Japanese control 100,000 acres, with their investment amounting to 15,000,000 yen. More Japanese have been planning to invest in that enterprise, when suddenly the policy of restriction and then prohibition of sale came one after another. This is a great blow to the future development of Japan in the tropics. British authorities should be reminded of the existence of the Anglo-Japanese Alliance and warned against such hostile policy toward Japanese.

Women's Work

American War Relief Association

The advisory board of the newly formed American War Relief Association of China elected at an executive committee as follows: Dr. W. T. Findley, Mr. W. A. B. Nichols, Mr. Shengle, Mrs. Chauncey P. Holcomb and Mrs. M. F. Perkins.

The heads of three important subcommittees for the work also were chosen. They are: women's department, Mrs. W. L. Merriman; financial, Mr. Frank J. Raven; membership, Mr. Nichols.

It was decided also to send out at once blanks to all Americans in China asking for contributions for war relief. The option will be given all contributors as to whether to give their amounts in a lump sum or in monthly installments.

The Education of Women in Japan

The education of women in Japan is making rapid strides. Already there are two women studying in Tohoku Imperial University and recently the first woman student has been allowed to attend the regular lectures at the Imperial University of Tokio in the person of Miss Hajime Kambayashi, assistant professor of the Tokio Higher Normal School, who has been given the privilege of attending Dr. Matataro Matsumoto's lectures on psychology.

Ousting Foreigners on the Toyo Kisen Kaisha

Another step in the policy of the Japanese Government to have only Japanese officers on the subsidized lines was taken on the occasion of the departure of the T. K. K. s.s. Tenyo Maru from Yokohama last week when T. C. McCombe, an American, who has served as purser for many years, was replaced by a Japanese. The Japanese government notified the T. K. K. six months ago that the law would be strictly enforced, but the foreign officials and managers of the line state that the experiment in many cases has proved a failure.

H. Avery, assistant general manager of the T.K.K. in San Francisco and chief representative of the T.K.K. in the United States, strongly advocates the retention of the services of American and European officers. Not only does Mr. Avery wish to retain their services, but he hopes to employ more Americans and Europeans, especially for the positions of pursers, surgeons, chief stewards and captains. Mr. Avery wishes to have an American as assistant purser on each of four large T. K. K. liners besides a regular purser.

With a view to securing leniency in the enforcement the new law, the Toyo Kisen Kaisha is now negotiating with the Department of Communications.

Complying with the instructions of the Government the T. K. K. has given certain positions to Japanese such as chief officers and chief engineers, which had been formerly held by foreigners, but the Company says that under present conditions it is impossible to give the other positions to Japanese. Among the leading foreigners in the T. K. K. service are: on the Tenyo Maru, Captain H.S. Smith, Freight Clerk J.B. Wheeler, Surgeon N. P. Crooks, Chief Steward W. K. Ashman; on the Shinyo Maru, Captain William C. T. S. Filmer, Purser J. P. Borune, Surgeon E. L. Wemple, Chief Steward J. J. Richards; on the Korea Maru, W. A. Chapman, Surgeon A. J. Berger, Chief Steward H. O. Dunblane; on the Siberia Maru, Purser E. A. Seeley, Surgeon S. C. Scully, Chief Steward A. Evans; on the Persia Maru, Surgeon C. P. Paton and on the Nippon Maru, Purser H. J. Grasett and Surgeon F. B. Galbraith.

Progressive Policies For China's Educators

Kuling is known as one of the busiest as well as one of the most delightful resorts in China. As one wanders down the stone-banked stream at the foot of the little valley way up there in the mountains, he is likely to find the Medical Hall and the Church Building buzzing with conferences or assemblies on almost any phase of China's development. During this past Summer Dr. Zwemer, the tireless missionary to the Mohammedan World, was the principal speaker at missionary conferences. Medical sessions also, were held weekly in the Medical Hall to discuss problems facing the doctors throughout China.

Among the Educational Conferences probably the most prominent was that of the China Christian Educational Association. The first thing to strike one's attention upon entering their annual meeting, were the wall charts graphically picturing the method and results of education in the Philippine Islands, gathered after careful study of the Philippine Islands' situation, and sent up by the China Christian Educational Association. They were here examined with eager interest by teachers from Hunan, Kiangsi, Hupeh, and other provinces. They strongly emphasive the industrial arts and other practical features of the American system inaugurated in the Philippines.

At the very opening of the conference the alertness of the educationalists was shown in severe criticism of weaknesses in their own schools, and by careful reports from Chinese and foreign supervisors. An important resolution was put by B. Upward, Dean of the Normal Dept. of Griffith John College at Hankow, urging even more careful and experienced supervision. President Gilman, of Boone University, put a resolution for the training of more teachers "who will combine modern scientific methods with a thorough knowledge of (the Chinese) language and literature."

The elementary practice school of the Chinese Government in Soochow, was described to attentive listeners, and reports were made of the progressive steps taken last Spring by the Advisory Council of the China Christian Educational Association.

No tendencies in the conference were more significant for the educational work of China than those aiming toward adapting education to the industrial and social conditions in China. Not only was there hearty approval of the motion to introduce civics and elements of sociology into the schools, but, driving still nearer the kernel, the motion was passed: "that a committee be appointed to enquire into relevant social, industrial, and commercial conditions in central China, and take other steps with the view to better determining the aim of our primary school education."

The delight of several younger members of the conference at the spirit of this motion was enthusiastic. As one university graduate, who has just finished a year of language study, remarked, "That is the best thing I have heard since coming to China." The older progressive leaders of the conference saw clearly that it meant getting to the heart of the social educational problem of China, and attempting to teach people to live more effectively in their own immediate life-surroundings.

The exhibits requested by the conference leaders were also indicative of the tendency of the schools. At the door, the Commercial Press exhibited school equipment and their latest books in Chinese; within the hall the C. C. E. A.'s new texts were on hand; and in the exhibit room beyond, the latest books on pedagogy and the most recent educational texts of foreign publication as well as samples of recent contemporary literature, were examined mornings, and afternoons for over a week by teachers from various parts of China, this exhibit of foreign books having been sent to Kuling by Edward Evans & Sons Ltd. especially for the educators present at the conference, and conducted personally by their new Educational Driector.

To one watching the larger aspects of education in China, such a conference as this at Kuling, is one of the best promises of broad-minded, practical, educational policy.

M. T. P.

In the Lower House of the Convocation of Canterbury recently the Archdeacon of Stow complained that a speech by him was wrongly reported in the last issue of the *Chronicle of Convocation*. He had used a phrase warning members "not to speak to the helmsman when entering the rapids." This was converted into, "Do not speak to the huntsman while he is hunting the rabbits."

The Customs "San Lien Tan"

PROBABLY few people out of China have ever heard the expression "likin," and only a comparatively few living in the country know the etymology of the word. The word "likin" (pronounced lee-kin) is a combination of two Chinese words, (1) "li," the thousandth part of a tael (the Chinese "Troy" ounce) and (2) "kin," gold (or money). Likin is a transit tax, based (with more or less elasticity, as most things in China are) on the weight of the cargo and the distance it is to be carried. Incidentally the imposition of this tax is the greatest hindrance to trade existing in China. Every district official imposes it on every bit of native cargo coming from the adjoining district, and the accumulated taxes thus levied are so great that long distance traffic in China is practically unknown—except in the vicinities were railroads have been opened, and even in such cases an extra charge is levied to make up in some measure for the likin which the goods otherwise would have paid.

The likin on a bushel of wheat carried in China for the same distance as from Kansas City to New York would be higher than the original cost of it. The natural result is that trade is stifled and, indeed, it frequently occurs that it is cheaper to import an article from a foreign country to the coast provinces of China rather than to bring it from the interior, not so much because the transportation charges are high, but because the long train of petty likin charges at each native customs barrier constitute such a total as to make the cost of the native article prohibitive.

With a view to overcoming the handicap to foreign trade which the likin system imposed, the British Government first—and the other principal Powers, America included, in rapid succession—insisted that China should make Treaties to the effect that by the payment of an extra charge in a lump sum in addition to the ordinary import duties, foreign goods should be exempted from transit taxes (or likin) when taken into the interior of the country.

It is here where the document known in Chinese (and the term has been adopted by foreigners generally) as a "san lien tan" comes into force. In order to give effect to the stipulations of the Treaties, regulations were promulgated whereby the foreign merchant who wished to avail himself of the transit exemption privilege could apply through his nearest Consul, to the Customs House through which the goods were to be exported or imported, for this Chinese document (issued in triplicate) which, when shown to the native authorities at the inland customs barriers, would exempt from likin the particular goods specified in the "san lien tan."

The conditions attached to the issuance of such a document are not exactly the same at all the ports, but generally speaking the foreign merchant either gives a guarantee, or deposits with the Customs authorities a sum several times larger than the eventual charges to be levied, the final adjustment being made after the cargo has reached its ultimate export destination.

The first mention of this document—known either as a transit certificate or "san lien tan,"—is in the Tientisin Treaty of 1856 made between Great Britain and China, Art. 28 of which provides that foreign imports and manufactures are to be freed by a single additional payment of half the import tariff rates, from all further taxation throughout the length and breadth of China.

Although on paper this matter of transit dues or likin was settled half a century ago, in actual practice down to the present time the state of affairs is pretty much the same as described in the following succinct account of the Transit Trade appearing in the Customs Annual Reports for the year 1875, the quotation being from the report of the Statistical Secretary, Mr. Kopsch. It is to be noted, incidentally, that wherever the word "British" appears, the argument would apply equally to goods of American or any other foreign origin. Mr. Kopsch wrote (more than forty years ago):

"The Treaty of Nanking of 1842, Art 10. states that 'when British merchants shall have once paid at any of the said ports the regulated customs and dues, agreeable to the tariff to be hereafter fixed such merchandise may be conveyed by Chinese merchants to any province or city in the interior of the Empire of China on paying a further amount of transit dues, which shall not exceed ...percent of the tariff value of such goods.'

"Art. 28 of the Treaty of Tientsin confirmed Art. 10 of the Nanking Treaty, and after animadverting that British merchants had complained that charges are suddenly and arbitrarily imposed by the provincial authorities, etc., and requiring a declaration of the amount of duties leviable on produce between the place of production and the port of shipment and upon imports between the consular port in question and inland market, etc., concluded by stipulating that 'it shall be at the option of any British subject desiring to convey produce purchased inland to a port, or convey imports from a port to an inland market, to clear his goods of all transit duties by payment of a single charge. The amount of the charges shall be leviable on exports at the first barrier they may have to pass, or on imports at the port at which they are landed; and on payment thereof a certificate shall be issued which shall exempt the goods from all further inland charges whatsoever.'

"The wording of the Tientsin Treaty does not appear to have been so clear as that of the Nanking Treaty, which distinctly lays down that origin and not ownership of imports is the right principle of division or distinctions. For many years after the signing of the last Treaty, the unambiguous wording of Art. 10, of the Nanking Treaty appears to have been overlooked; Art. 28 of the new Treaty of Tientsin was accepted as the authority, and for fully ten years seems to have been construed by British and Chinese officials to mean that this particular stipulation was intended for the protection and exemption of *British-owned* goods of foreign origin, and that the Chinese owner of British manufactures could not claim the same privilege when conveying *native-owned* imports; in other words, that Transit passes could not be issued to Chinese notwithstanding that the Nanking Treaty distinctly provides for the protection of British imports in the hands of Chinese merchants; hence the origin of the practice of getting foreign merchants to take out transit-passes for *Chinese-owned* foreign imports, or of selling them to the native dealer provided with Transit-pass to protect them to their inland destination. But as in many provinces this system of conveying goods owned by Chinese but certificated in a foreigner's name, was looked upon as irregular, and the *bona-fide* owner of them held liable to punishment' 'for using a foreigner's name to avoid likin', the transit pass has not been made use of to the extent one would suppose it would have been.

terpretation of Art. 28 of the Tientsin Treaty, as stated in the Nanking Treaty, was promulgated by the late former Viceroy of the Two Kwang, to the effect that the right principle of distinction in issuing passes being *origin* and not *ownership*, Chinese could also avail themselves of this clause to cover their own consignments of imports. Owing, however, to the long established practice of obtaining Transit certificates through foreign firms, this concession, as it was viewed, of allowing *Chinese owned* foreign imports to be covered by passes, was only made use of at two ports, namely Kiukiang and Ningpo. At all the other ports foreign merchants either sold their imports certificated to an inland mart or, for a small commission, took out a pass in their own name to cover *Chinese owned* imports."

The point brought out in the above Report is still a live one at the present time, owing to the fact that the native tax gatherers in the interior, jealous of their time-honored privileges, have a knack of ignoring such a simple matter as the provisions of a Treaty by making it rather uncomfortable for any native who attempts to make use of its privileges. For instance, when such commodities as metals, sugar, seaweed (imported as an article of diet in great quantities from Japan to China), etc., which pay duty by weight, are certificated inland, it is very easy for the native official to trump up a case of attempted evasion of duty by charging that there is an excess of weight and confiscating the whole consignment on that ground. Such cases are by no means uncommon and the effect is, naturally, to intimidate the native merchant in the interior, where he has no foreigner to call on who can assist him in standing upon his rights as the owner of foreign imported goods.

In the interior provinces of China where foreign consulates are located, quite an industry has sprung up of foreigners of certain nationalities, in some cases employed at the consulate in a minor capacity, hiring themselves out as the "owners" of foreign goods in the Chinese hands. They merely become "owners" for a trip to the inland destination, in return for a fee. In case the cargo is hold up at the barriers, the Chinese accompanying the goods flaunt in the faces of the native tax gatherers the document showing that such and such a foreigner is the owner of the goods and if they (the tax gatherers) attempt to collect likin the threat is made that this foreigner will make trouble for them through consular channels. It is a case of Greek meeting Greek.

Japan's Largest Shipowners.

Listed in accordance with their tonnage, the ten largest shipowners of Japan with their tonnage and number of ships in service, are as follows, according to statistics of the Communications Office, Tokio, as on July 31 :—

	Tonnage.	No. of vessels.
N. Y. K.	462,351	100
O. S. K.	191,457	58
T. K. K.	89,811	10
Yamashitas	35,923	13
Mitsuis	35,083	11
Kishimoto & Co.	30,252	7
Nisshin	29,663	12
Katsuda	26,085	7
Kishimoto Steamship	25,652	6
Ryoto Kisen Kaisha	20,128	5
Totals	946,405	229

THE BANK OF CHINA

GOVERNMENT BANK

(Specially authorised by Presidential Mandate of 15th April)

AUTHORISED CAPITAL: $60,000,000.00 PAID UP CAPITAL: $10,000,000.00

HEAD OFFICE: PEKING

Branches and Sub-Branches:

PEKING, Kalgan, Sanfang, Pahsien, Lutai, Chohsien, Miyun, Tsinghaihsien, Tungchow, Haitien. TIENTSIN, Paotingfu, Shuntehfu, Lwanhsien, Tangshan, Tsanhsien, Chihsien, Tzechow, Potochen, Shihkiachwang. HANKOW, Ichang, Shash, Wusuen. CHANGSHA, NANKING, Soochow, Chingkiang, Yanchow, Tsingkiangpo, Wusih, Hsuchowfu, Siakwan, Nantungchow. ANKING, Panfow, Tatung, Luichow, Suanchang, Tsongyan, Yungchow, Wuyih, Pochow. TSINANFU, Tsingtao, Chefoo, Teanghsien, Tsining, Ckowtsun, Waiming (Wutung), Linshi, Weihsien, Lingsinhsien, Taianfu, Sangyuan, Lungkow, Yehsien, Jaohsien. KAIFENG, Changteh, Tencheng (Lewanhe), Chowkiakow, Yuhsien (Yuchow) Kweite, Taokow, Honanfu. CHANGCHUN, Antung, Chinhsien (Chinchowfu), Dalny, Harbin, Hulan, Kirin, Kunchuling, Liaoyuanchow, Mukden, Newchang, Shanghaikwan, Sifeng, Tiehling, Tsitsihar, Sinminfu, Herhe, Tionan, Luishowying, Liaoyang, Kwangning, Kaiping, Tsangho, Payien, Suihah, Takushan, Tatungo, Ninkuta. FOOCHOW, Amoy, Santuao, Nankiang, Siahankia, Lungen, Changchowfu, Pucheng, Yenpingfu, Chuanchowfu, Kienao. CANTON, Swatow, Kongmoon, Shiuchow, Kiungchow, Namyung, Pakhei, Hokow, Taileung, Paksha, Shiuhing, Howlik. HANCHOW, Haimen, Huchowfu, Kashing, Lanchi, Ningpo, Shaohingfu, Wenchow. TAIYUANFU, Kweihwating, Sinkianshien, Yuncheng, Paotchen, Fenchen. CHUNKING, Tzeliutsing, Luchow, Chentu, Wanghsien, Wutungchio. SIANFU, Sanyuanhsien, Tungkwan, Hanchunfu, Tenshe, Shanghe. NANCHANG, Kiukiang, Kanchow, Yunchow, Kianfu, Kintehchen.

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Commercial and Financial Notes

The survey of the Chuchow-Chinchow Railway, which the Siems Carey Railway & Canal Co., have under contract, has been completed and negotiations are now under way for the building of a new line running from Hsiangyang via Kingchow to Ichang.

The Peking Banking Association has been organized. Its membership includes all the Chinese banks in the Capital with the exception of the Wine and Tobacco Bank and the Territorial Development Bank. The Governor and the Vice-Governor of the Bank of China initiated the movement.

In an article in Everybody's Magazine, Edward Hungerford describes how up and down on both coasts of America the shipbuilding industry has developed. New ships of steel and wood will give America 6,000,000 additional tons of bottoms in two years.

The Japanese Department of Agriculture and Commerce has announced its subsidies to the prefectural governments, for the improvement of mulberry fields. The amount varies from 122 yen for Okinawa, which is the lowest, to 3,669 yen for Iwate, which is the highest.

It is reported from Peking that the consortium banks have agreed to release $2,000,000 to the Chinese Government from the Maritime Customs surplus out of the total amount of six millions surplus, one third of which is being retained as security for the reorganizations loan and one third for the boxer indemnity.

The Mexican Government has revised the import duties on cotton cloth, mixed blankets and cotton threads. Grey and white cotton cloth can be imported free of duties, but cotton cloth, dyed, printed, or colored, It was not until the end of 1871 that the present in-

is taxed at the rate of 25 per cent ad valorem. Blankets and cotton threads are free of duties.

Three of the German ships that were interned in the Philippine Islands have been brought to Shanghai for repairs. They are the Don Neil, Marudu and Darwell. The disposition of the boats after repairs have been made has not been announced. They have been placed under the registry of the Philippine Islands.

Eighty-eight corporations and individuals who hold membership in the American National Onion Association have been indicted for conspiring to control interstate commerce in onions. The association is said to control 75% of the annual output of 200,000,000 pounds of onions in America and that the producer was receiving less than 2% of the retail prices of G$0.10 to 0.15 a pound that the consumers were paying.

The Mitsui Bussan Kaisha has received a message from its New York office to the effect that the United States Government has ordered the New York Sugar Market to be closed until further notice in accordance with the Food Act newly enacted. It is believed that the measure has been taken as an auxiliary to the ban on the export of sugar proclaimed some time ago for the purpose of restricting the abnormal rise in the price of sugar.

The American Consul-General at Singapore last month telegraphed to Washington that tin production in the Federated Malay States last year was less by six percent, compared with 1915, and by nine per cent, during that first half of the current year compared with first half of last year, due to a variety of causes, probably mainly to existing labor and other local conditions; total exports from Malay Peninsula in 1916 were 48,436 tons, compared with 50,874 tons for 1915.

The Japan Steel Co. at Muroran, in Hokkaido, the biggest steel company in Japan, will double its capital of Yen 15,000,000. This step has already been approved by the two British companies interested in this corporation, namely Armstrong and Vickers. Mr. Kabayama, managing-director of the company, who has been visiting London to negotiate with the British companies on this proposed raising of the capital, is now on his way home to Japan by way of the United States.

One of the practical results of China's entry into the war is that the Minister of Agriculture is taking steps to prohibit both Chinese and foreigners newly undertaking the exploitation of iron mines in China for the duration of the war. So far nearly all the ore from Chinese mines has been sent to Japan, and paid for at prices only about one-fourth of those ruling at present, under a long-term contract made several years ago when the Japanese syndicate made a loan to the Hanyehping Company.

The Industrial Bank of Japan, the Bank of Taiwan and the Bank of Chosen have agreed to lend 500,000 yen, through the intermediary of the Sino-Japanese Industrial Company (Chujitsu Jitsugyo Kaisha), to the Fuahsin Cotton Spinning Company of Shanghai. The loan is to be redeemed by July, 1920. The interest rate is 8.5 per cent per annum; with the company's real estate as security. The company is capitalized at 1,750,000 dollars Mex., and has recently imported 25,000 spindles from America.

A despatch from Charles H. Grasty to the New York Times July 18 from London, (passed by the British censor) stated that the loss of ships by submarines totals 600,000 tons a month. In this connection it is interesting to note that according to the annual shipping supplement of the Glasgow Herald, the new construction in 1916 of all countries was just under two million tons, Great Britain furnishing about one-third of this total and the United States just a trifle less. It will be noted, therefore, that at the same ratio of sinking and building, the net loss of a year's operations will be five million tons. America expects to furnish about two million tons during the coming year.

The United States is facing a great crisis in its silk production, says the American Silk Journal in its August issue. It is not so much the high prices of raw silk as the scarcity of the same. It has been estimated that there are fully 10,000 bales of raw silk lying in the ports of Japan awaiting shipment to the United States. Every ship leaving Japan carries some kind of merchandise which must be either more valuable than silk or of more importance to America. Heretofore silk has been given preference because it is one of the most valuable cargoes that could be carried. The amount of silk going to America is hardly sufficient to keep the mills going and spot silk is selling at the highest premium it has yet reached. There are some people who predict G. $10 a pound silk this coming Winter. They base their prediction on the increasing activities of the German U-boats and the withdrawal of tonnage from the Pacific waters. At the present time there is a sufficient number of ships plying between Japan and the States to meet the ordinary conditions, but these are extraordinary conditions and Japan is exporting materials, especially manufactured goods, that she has never exported before. While raw silk prices quoted may seem high the majority of them have actually been paid and even at the high prices quoted it is difficult to procure the material.

The Peking correspondent of the Peking and Tientsin Times writes that there is considerable opposition from the merchant class to the new Sino-Japanese Exchange Bank, which has been under negotiation for some time past by the Minister of Communications, Tsao Yu-lin, and a number of Japanese financiers. The Shanghai Chamber of Commerce has taken the matter up and is trying to secure the united action of the Chambers of Commerce throughout the country. The fear that seems to be at the heart of the Chinese is that by securing an interest in a banking organization of such a nature, which will be able to issue notes and have branches throughout the country, not only will the Japanese control considerable Chinese interests in the interior of China but they will be enabled to foster their own trade to the detriment of the Chinese and will do Chinese banking interests considerable harm. From the very beginning the Chinese business men have been against the organization of such an institution and have been far from flattering in their comments on those who have been engineering the deal. How far their suspicions or charges are true it is impossible to say; and it is difficult to know whether the bank will be a blessing or a curse until it has been in operation for some time. They, however, maintain that if it were a purely commercial affair they could easily prevent it becoming a success by boycotting it, but what they are afraid of is that, as it has been formed by members of the present government, it will receive a certain amount of government backing and any boycott movement would be opposed by the authorities.

The embargo on the export of steel by America has given added impetus to the movement in Japan to construct mills to manufacture sufficient steel for their shipbuilding needs. The biggest steel mill in Japan at present is the Imperial Government Steel Works, which, as the result of recent enlargements, turns out over 450,000 tons a year, but most of the materials go to naval and military works and only a small part is placed at the disposal of private industrial men. Besides there are over twenty private steel mills in Japan, which are in blast, but their plants are very small and their total production comes only to one-third of the yield at the Government mill. Japan has only scanty supplies of ores at home, but arrangements are being perfected to use the large deposits in Chosen and China on a more extended scale. In the peninsula colony, according to an expert, there are rich deposits which are estimated at 20,000,000 tons. Of the deposits in China, those of the Anchantien Iron Mine, the Taochun Iron Mine, the Taya Iron Mine, the Chinliangchin Iron Mine and a few others have fallen to the lot of Japanese industrialists. Following is a list of the steel works planned to be erected in Japan to use the products of those mines together with the outputs of some of the small mines in Japan: Kuhara Works; Oriental Steel Manufacturing Co.; Kyushu Steel Manufacturing Works; Japan Steel Manufacturing Co.; Fuji Steel Manufacturing Co.; Tokai Steel Industry Co.; Anshantien Iron Mine; Kenjiho Steel Works; Osaka Steel Co.; Japan Electric Steel Co.; Miki Steel Manufacturing Co. When all these mills are in full blast (years later) Japan's steel supplies will be well above 2,000,000 tons a year, but for the present Japan must continue to depend on America for the bulk of her steel supply for commercial purposes.

At the Hotels

The following guests have registered at the Astor House Hotel during the week: C. M. Drake, Soochow; W. A. H. Thomas, Peking; Mrs. Papaghers, Peking; R. S. Paul; Capt. J. H. Boown, S. S. Daroel; Mrs H. Wood, Japan; Miss A. Wood, Japan; Miss D. Wood, Japan; H. Maruta; Y. Oshimta; K. Matsunga; J. B. Lonches, Hankow; J. O. De Berry, Tientsin; Mrs. E. A. Moffett, Japan; F. M. Satter, Weihaiwei; Miss Black; Mrs. W. E. Harston, Hankow; Capt. J. Barrett; H. R. Chisholm, Peking; A. L. Troy, Shanghai, H. Burge, Soochow; Mrs. Fairman, Vladivostock; Mrs. Dashklvitch, Petrograd; M.F. Kline, Tientsin; A.L. Thomson, Yokohama; M. H. Hartigan; J. Crosby, Hongkong; A. G. Smith, Hongkong; S.H.W. Birch, Hongkong; Capt. W. Ehrhardt; M. Chasty, Nanking; E. Lee, Nanking; B. S. Wilkinson, Nanking; A. S. Paettie, Hankow; L. S. Caldwell, Hankow; Mrs. M. Railton; C. H. Cross, San Francisco; S. Strachan, Hankow; A. J. Jacobson, Peking; P. Hilbert, Japan; Dr. and Mrs. A. Drum, Philadelphia; Mrs. M. F. Kline, Kobe; J. E. Baker, Peking; D. M. Larsen, U. S. A. F. J. Collier, New York; T. B. Brown, Local; Hugo Reiss, Local; Mrs. W. Theodore, Hankow:

The following guests have registered at the Palace Hotel during the week: Mr. and Mrs. J. B. Kurosky, St. Louis; Mr. and Mrs. J. A. Gaffler, St. Louis; G. Stoll, New York; Mr. and Mrs. Puddicombe, Canton; T. R. Banister, Chefoo; E. Alabaster, Hongchow; D. A. Scott, U. S. A. G. E. Brown; L. C. Arlington; A. Arkehurst, Woosung; Mr. and Mrs. R. G. Guemier, Ningpo; S. H. Moore, Kiukiang; Mr. and Mrs. Grundmann, Kashing; Burton, Hongkong; Mr. and Mrs. S. M. Arenson, Petrograd; E. C. Gill, Nanking; Mr. and Mrs. C. H. Mortimer, Tientsin; A. Feragen, Kiukiang; J. L. Bowker, Nanking; E. S. Correll, Tsingtau; J. Watson, Kobe; M. E. Hansheer, Shanghai; W. P. Wylie, India:, Mr. and Mrs. J. W. Carnley; Mrs. S. Blumenthal, New York; O. Steenstra, Shanghai; A. Fenus, Chinwangtao; W. B. Tylor, Kobe; J. Barrand; Mr. and Mrs. W. J. Tibbatts, Peking; Mr. and Mrs. C. H. Wood and child;

The following guests have registered at the Kalee Hotel during the week: F. R. Vida, Australia:, Miss K. Hughes, Australia:, A. H. P. Jennings, Hankow; Mr. and Mrs. W. Buckley; Mrs. Daltod; R. H. S. Kilton; Mr. and Mrs. Bruce Puddicombe, Canton; H. H. Rictster; T. Lamboo; C. T. Poo; Peking; Mr. and Mrs. Gd. Gueisen; F. W. Goddord, Chefoo; A. Rene Eisenbeet; Stankowsky; Dr. F. B. Hudson, C. Orton, Seattle; D. H. Guhacusot, Peking; Mr. and Mrs. Ress Trullinger, Chicago; Miss E. Macgowan, Hongkong; Mrs. S. S. Richords, Hankow.

What a "Narikin" Is

A correspondent in the Japan Chronicle explains the origin of the word *narikin*, which is now so freely used by all the newspapers in Japan. *Narikin* is a word used by chess-players. When the *fu* (pawn) advances within certain limits of the enemy's line it acquires the same freedom of movement possessed by the *kin* (knight). Hence the word *narikin*, or promoted knight. Now, men who become millionaires by a lucky stroke of fortune are likened to pawns which have been converted into knights, and have become possessed of freedom of movement pertaining to the rank. The correspondent naively adds that no Japanese word has become more popular than *narikin* during the last year or two.

The Share Market.

RUBBERS Official only	Closing Quotations, Week End. Aug. 24	Last Quotation, Fri. Aug. 31	Business Done in Shares During Week		
			High	Low	Net Chg.
Anglo Java	9¼	9¼	9¼	9¼	—
Kota Bahroe	7	7	7	7	
Samagaga	0.90	0.90	0.90	0.90	—
Shai. Malay	7	7	7	7	
Shai. Pahang	1¾	1.60	1.60	1.60	
Tanah Merah	1.02½	1.02½	1.02½	1.02½	—
Tebony	19	19	19	19	
BANKS, INDUSTRIALS, INS. COTTONS, LANDS, ETC.					
Langkat	14	13	14	13	—/
EXCHANGE					
Bar Silver	44¾	46	46	44 7/8	
T. T. on London	4/5	4/6½	4/6½	4/6	
Sov. Bnk. Buy. Rt.	4.52			4 44	
Gold $ Bnk. Buy. Rt.	0.94			0.93	
Mexican	72.2	72.3	72.3	72.1	
Native Int.	10.	16.	16.	09.	
LONDON RUBBER QUOTATIONS					
Spot	2/7	2/7¾	2/7¾	2/7½	
Forward	2/8½	2/8¾	2/8¾	2/8½	
Tendency					

Date	Langkat Oil Output	Tons.
Aug.	24	74
,,	25	75
,,	26	74

CLOSING OF TRANSFER BOOKS & DIVIDENDS.

Share	Period	Dividend
Anglo Java	4/9 to 10/9	Tls. 0.25
Kroeivoek	10/9 to 20/9	0.50
Tebony	14/9 to 20/9	0.50

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New Books and Publications

The Single Tax

The Single Tax Movement in the United States, by Arthur Nichols Young, Ph.D. Princeton, N. J.: Princeton University Press. U. S. $1.50 net.

Joseph Fels—His Life Work, by Mary Fels. New York: B. W. Huebsch. U. S. $1.00 net.

HENRY GEORGE, using the teaching of the Physiocrats that in the last analysis all wealth is based on the land, developed the theory that the land should, solely and directly, bear all the burdens of taxation—and pay taxes in proportion to its value. "The ownership of land," wrote Henry George, "is the great fundamental fact which ultimately determines the social, the political, the economic, and consequently, the intellectual and moral condition of a people. And it must be so. For land is the habitation of man, the storehouse upon which he must draw for all his needs." Just as all wealth came from one *single* source, so Henry George taught that there should be one *single* tax, namely a tax based on the value of land. This, he taught, would eliminate the necessity for any other taxes.

One of the greatest disciples of Henry George was Joseph Fels, the son of German Jew emigrants, who, making up for his diminutive height of five feet two inches by a restless energy, built up a soap business which brought him a fortune. He gave liberally of his means during his life to further the Single Tax cause, and set aside a Fund at his death for the endowment of a weekly journal to further Henry George's teachings. Incidentally it may be mentioned that reference is made in Mrs. Fels' book to the work done for the Single Tax cause by Dr. Macklin of Nanking (China).

Henry George first developed his theory of land taxation and economics in California. A printer by trade, and finding it impossible to get any publisher to accept the manuscript of his now famous work, "Progress and Poverty," he commenced on the 17th of May, 1879, to set the type himself, having made an arrangement with an old acquaintance who had gone into the printing business, to make the plates. From these an author's edition of five hundred copies was printed. The proceeds from these was almost enough to pay for the plates, but the book at that time made little impression beyond the circle of his immediate acquaintances. The following year Henry George proceeded to New York and finally induced Messrs. Appleton & Co. to publish his book, in which the central theme is "to substitute for the manifold taxes now imposed a single tax on the value of land."

From then on until his death Henry George thought of nothing and worked at nothing but to promote his economic theories and to teach his gospel of taxation. Within a few years George's teachings had brought him such prominence that he was nominated for mayor of New York in 1886. He was denounced by the hostile press an an "illogical, unpractical and dangerous fanatic." He was defeated, but polled more votes than Theodore Roosevelt, the Republican candidate.

Henry George's teachings were ably seconded by Father Edward McGlynn, priest of St Stephen's Catholic Church, New York. McGlynn's activities so displeased his superior, Archbishop Corrigan, that he was removed from his pastorate. McGlynn, however, denied the right of the bishop to punish him for economic opinions which were not "clearly contrary to the teachings of the Christian religion," and continued actively to assist Henry George in his work. Later, however, these two men quarreled over the management of the affairs of the Anti-Poverty Society and the United Labor party.

In the year 1887 Henry George founded The Standard, a weekly journal, in which he agitated successfully for the drawing up of a petition to Congress to appoint a special committee "for the purpose of making a full enquiry into and report upon the expediency of raising all public revenues by a single tax upon the value of land, irrespective of improvements, to the exclusion of all other taxes, whether in the form of tariffs upon imports, taxes upon internal productions, or otherwise." After more than a hundred thousand names had been secured the petition was forwarded.

The next important step in connection with the Single Tax movement was a National Conference at New York City in 1890. The movement received a further advertisement in 1892 when Tom L. Johnson of Ohio, and a number of other Single Taxers in the House of Representatives, concocted the scheme of printing the entire text of one of Henry George's books in the Congressional Record as part of their remarks. They had to pay for the printing, but secured free postage through the exercise of the franking privilege.

Campaigns were also instituted in various states to further the movement, and these met with varying results. The most spectacular campaign was the one in Missouri in 1912, where the proposed constitutional amendment for the single tax was decisively defeated, mainly by the vote of the farmers, who raised a fund of $50,000 at their first meeting to oppose the measure. They firmly believed that the single tax was a measure designed to lighten the taxes of the rich city man by adding to those of the already heavily-burdened agriculturist. They resented too the fact that the campaign was largely supported from without the state by means of the Fels Fund money.

The platform of the Single Tax Party explains that what they propose is not a tax on land, but on the value of land, and therefore it would not fall on the use of land or become a tax on labor; it would not fall on all land, but only on valuable land, and on that not in proportion to the use made of it, but in proportion to its value—the premium which the user of land must pay to the owner, either in purchase money or rent, for permission to use valuable land. It would thus be a tax not on the use or improvement of land, but on the ownership of land, taking what would otherwise go to the owner, and not as user. In assessments under the single tax all values created by individual use or improvement would be excluded, and the only value taken into consideration would be the value attaching to the bare land by reason of neighborhood, etc., to be determined by impartial periodical assessments. Thus the farmer would have no more taxes to pay than the speculator who held a similar piece of land idle, and the man who on a city lot erected a valuable building would be taxed no more than the man who held a similar lot vacant. The single tax, in short, would call upon men to contribute to the public revenues, not in proportion to

what they produce or accumulate, but in proportion to the value of the natural opportunities they hold. It would compel them to pay just as much for holding land idle as for putting it to its fullest use.

The following claims are made for the Single Tax:

1. Take the weight of taxation off of the agricultural districts where land has little or no value irrespective of improvements, and put it on towns and cities where bare land rises to a value of millions of dollars per acre.

2. Dispense with a multiplicity of taxes and a horde of taxgatherers, simplify government and greatly reduce its cost.

3. Do away with the fraud, corruption and gross inequality inseparable from the present methods of taxation, which allow the rich to escape while they grind the poor. Land cannot be hid or carried off, and its value can be ascertained with greater ease and certainty than any other.

4. Give each nation, with all the world, as perfect freedom of trade as now exists between the American states of the Union, thus enabling citizens of all countries to share, through free exchanges, in all the advantages which nature has given to other countries, or which the peculiar skill of other peoples has enabled them to attain. It would destroy the trusts, monopolies and corruptions which are the outgrowths of tariffs. It would do away with the fines and penalties now levied on anyone who improves a farm, erects a house, builds a machine, or in any way adds to the general stock of wealth. It would leave everyone free to apply labor or expend capital in production or exchange without fine or restriction, and would leave to each the full product of his exertion.

5. It would, on the other hand, by taking for public use that value which attaches to land by reason of the growth and improvement of the community, make the holding of land unprofitable to the mere owner, and profitable only to the user. It would thus make it impossible for speculators and monopolists to hold natural opportunities unused or only half used, and would throw open to labor the illimitable field of employment which the earth offers to man. It would thus solve the labor problem, do away with involuntary poverty, raise wages in all occupations to the full earnings of labor, make overproduction impossible until all human wants are satisfied, render labor saving inventions a blessing to all, and cause such an enormous production and such an equitable distribution of wealth as would give to all comfort, leisure and participation in the advantages of an advancing civilization.

The Henry George movement, measured in definite legislative enactments, has not so far made any great advance in America, but it has in large measure been the counterpart of socialism in Europe and its chief influence has been to mould public opinion to the point of recognizing that one of the principal causes of povery is the granting of special privileges to a comparatively small number, who thus have power placed in their hands to exploit the masses. The principal exponent of the Henry George theories in America at the present time is The Public, a weekly journal published in New York with funds provided by the late Joseph Fels.

G. W. M.

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Best Books on China

Tang Chen-lang, a student of the Shanghai Baptist College, submits the following list of twenty-eight books in the competition on the Best Books on China.

I. CHINESE LIFE IN GENERAL.

Chinese Characteristics, by Arthur H. Smith. (Revell & Co.)

The Middle Kingdom, by S. W. Williams. (Kelly and Walsh Ltd.)

Things Chinese or Notes Connected with China. (4th Edition) by J. D. Ball. (Luzac and Co.)

China Year Book, by H. T. M. Bell, London.

II. VILLAGE LIFE.

Village Life in China, by Arthur H. Smith. (Revell & Co.)

III. COURT LIFE IN MANCHU DYNASTY.

Two Years in the Forbidden City, by Princess Der Ling. (Moffat, Yard & Co.)

Literature of Quality.

HENRY JAMES—LEADER OF REALISTS.

The Portrait of a Lady
Passionate Pilgrim
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III. NEW CHINA.

China's New Day, by I. T. Headland. The Central Committee on the United Study of Missions. (West Medford, Mass., U. S. A.)

China's Only Hope, by Chang Chih Tung. (Kelly and Walsh, Ltd.)

V. ART.

Chinese Pictorial Art, by E. A. Strehlneek. (Kelly and Walsh, Ltd.)

VI. TRADE.

The Tariff Problem in China, by Chin Cha. (Columbia University Press.)

Railway Problems in China, by Chih Hsu. (Columbia University Press.)

VII. FINANCE.

The System of Taxation in China 1614-1911, by Shao Kwan Chen. (Columbia University Press.)

The Currency Problem in China, by Wen Pin Wei. (Columbia University Press.)

VIII. CUSTOMS.

Chinese Customs, by E. H. Parke. (Kelly and Walsh, Ltd.)

IX. POLITICS.

A Survey of the Constitutional Development in China, by H. I. Yen. (Columbia University Press.)

The Soul of the Far East, by P. Lowell. (The Macmillan Co.)

X. INTERNATIONAL RELATIONS.

Contemporary Politics in the Far East, by S. R. Hornbeck. (D. Appleton & Co.)

World Politics at the End of the 19th Century,—as Influenced by the Oriental Question, by P. S. Reinsch. (The Macmillan Co.)

Our Eastern Question, by T. F. Millard. (The Century Co.)

XI. HISTORY.

Outlines of Chinese History, by Li Ung Bing. (Commercial Press, Ltd. Shanghai.)

A Sketch of Chinese History, by Dr. Hawks Pott of St. John's University. (Kelly & Walsh, Ltd.)

XII. RELIGION.

Religion of the Chinese, by G. J. M. De Groot. (The Macmillan Co.)

The Religions of China, by J. Legge. (Kelly and Walsh.)

The China Mission Year Book, 1916-17. (China Continuation Committee at Shanghai.)

XIII. GEOGRAPHY.

Geography of China, by H. B. Hawkins. (Commercial Press, Ltd. Shanghai.)

XIV. LITERATURE.

The Life and Works of Confucius, by J. Legge. (Kelly and Walsh.)

XV. EDUCATION.

The Chinese System of Public Education, by Pin Wen Kuo. (Columbia University Press.)

The Educational Directory of China, for 1917. (Edward Evans & Sons, Ltd., Shanghai.)

A MISCELLANEOUS PUBLICATION.

The Rebirth of a Nation, 1915 Edition of "*The China Press.*"

The Making of Hand Books

From The Central China Post (Hankow)

The old recipe for making hand-books was first to collect all the documents from every available source relating to the field covered; next to procure all the Annual Reports of agencies employed in that field, and write to ever known statistical fiend for more figures; then finally mix and load on to the press with a shovel. When the proof sheets were available a professional puzzle-maker was employed to compile an Index fitted to drive the seeker after information frantic as he found:—

Alak. See Tien Shan (favorite trick instead of putting in the number of the page).

Amusements, at dinner, out-door, peaceful character of.

Ass Wild, on the steppes

Bell, great at Peking. Bell, John. Bells, rich in tone.

Chop, in the tea trade,

Crow, the, on desert of Sha-moh.

The above are from "Williams' Middle Kingdom," an invaluable book of reference, but indexed by a lunatic, as all clues to such information as a reader is likely to be in search of and which the book really contains, are carefully omitted.

The Use of Words

A correspondent in the Outlook discussing the words "surprised" and "astonished," revives this story of a famous lexicographer: One morning the man of words preceded his wife to the breakfast-room. Coming suddenly on the pretty maid-servant, he forgot discretion and kissed the girl. At this instant his wife inopportunely—or perhaps opportunely—entered the room. "Why, Noah," she said, "I am surprised!" "No, my dear," the verbal critic is said to have answered; "*I* am surprised; you are *astonished*."